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NEWS SUMMARY

GENERAL

Election follows death of MP

The Tory Party faces a major electoral challenge in one of its most marginal seats following the death on Saturday of Mr Jocelyn Cadbury, MP for Birmingham Northfield.

Mr Cadbury, 36, a member of the Quaker chocolate family, was found dead in the grounds of his Birmingham home. A post-mortem showed he died from a gunshot wound in his head. Police said a shotgun was found nearby and no one else was involved. Back Page

Education funds

The Cabinet rejected Education Department plans to fund most education by block grant instead of through the rates. Back Page

SPD-Lib plan

A short joint programme for action in government will be produced by the SDP and the Liberals for the next election.

Allegations probe

Conservative MP Nicholas Winterton will ask Lord Hailsham, the Lord Chancellor, about allegations that the late Lord Bradwell, formerly Labour MP Tom Driberg, received £25,000 of £2m stolen at Heathrow Airport.

Union challenge

Right-wingers are applying for a high court hearing of their challenge to election results which gave hte left control of the Civil and Public Services' Association.

Bomb deaths: 11

The death toll from the IRA's London bomb attacks last month rose to 11 when bandsman John Heritage, 29, died in hospital.

Arabs warned

Arab organisations in Britain have been told to step up security followin ga bomb attack on a Saudi newspaper office off London's Fleet Street.

Crash inquiry

Two French coaches, which crashed near Dijon, killing 53, including 44 children, were being examined to establish the cause of the accident.

Japanese losses

At least 14 people were dead or missing in heavy rain and rough seas as Japan prepared for a typhoon to strike.

Heart disease toll

The U.S. has been more successful at reducing heart disease than Britain, where it kills more people than in most European countries. Page 5

Poison fish scare

People in the Lake District were warned not to buy fish from "unusual sources" following the poisoning of trout and salmon in the River Kent.

Handicap swim

A 21-year-old Egyptian, Khaled Ahmed Hassan, who has only one leg, swam from Dover to Cap Gris Nez in 12 hours, 30 minutes.

Leak detector

East Germany has developed a method of finding leaks in underground oil and water pipes by using mildly radioactive gas.

Briefly. . .

Search widened for Susan Maxwell, 11, lost near Coldstream on the Scottish border.

Cricket: England, 272 and 291, beat Pakistan, 251 and 199, by 113 runs in the first Test at Edgbaston.

BUSINESS

Italian austerity package unveiled

● ITALIAN Government austerity package includes increases in indirect taxes and public sector charges, cuts in welfare and an increase in industry's tax and welfare contributions. Back Page

● CBI will warn again about the risk of further industrial decline when it publishes its quarterly industrial trends survey tomorrow. Back Page

● BRITISH RAIL could lose its exclusive right to carry coal for power stations in the renegotiation of its £190m a year contract with the Central Electricity Generating Board, its biggest customer, Page 4

● BRITOIL came into being yesterday to take over the exploration and production interests of the British National Oil Corporation. The Government plans to sell 51 per cent of Britoil. Page 5

● RESTRICTIVE Practices Court examination of the Stock Exchange rule book will not begin until January, 1984. Page 5

● CENTRAL BANKS appear to be pressing the Italian authorities to honour Banco Ambrosiano's offshore debts. Back Page

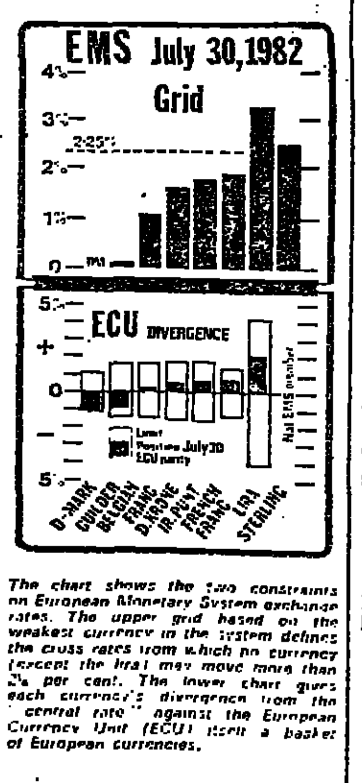
● ITALIAN state railway has instructed S. G. Warburg, the merchant bank, to raise £100m. Page 15

● DIRECTOR of President Francois Mitterrand's private Cabinet has been appointed chairman of Havas, the State-controlled advertising, publishing and travel group. Page 16

● STELCO, Canada's largest steelmaker, reported a steep decline in profits for the first half of 1982 and said demand was likely to weaken further. Page 16

● ICI and BP have signed their petrochemicals swap deal. Page 4

● Europe's currencies continued to drift in quiet, featureless trading last week. The Belgian National Bank took advantage of the steady performance by the Belgian franc to cut its discount rate by 0.5 per cent to 13.5 per cent. The Italian lira improved at the top of the European Monetary System, with the D-mark and Dutch guilder continuing to alternate at the bottom of the system. The West German currency finished slightly below the guilder, but all member of the EMS were little changed, remaining well within divergence limits.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (ECU) itself a basket of European currencies.

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Sealink seamen strike today after breakdown of cost-saving talks

BY JOHN LLOYD AND ANDREW FISHER

THE THREATENED national strike by seamen against Sealink UK, the ferry subsidiary of British Rail, was set to go ahead from this morning after the breakdown of talks at the weekend.

Sealink, part of which the Government hopes to sell eventually to the private sector, said an all-out strike in the summer could be a disaster. But most passengers should be able to switch to other services to and from the Continent, the Isle of Man and Ireland—though not to other sailings for the Channel Islands.

The National Union of Seamen (NUS) yesterday walked out of talks with Sealink's management, which had been called to try to prevent the strike. The NUS warned of a long strike.

Mr Sam McCluskie, assistant general secretary of the union, said he thought most of the 4,000 members in the company would respond to the strike call this morning, although he conceded that many were "very concerned over the dispute's outcome."

The core of the dispute is the matter of the 450 seamen on Sealink's loss-making route between Harwich and the Hook of Holland, who have been asked to accept wage cuts and change working practices in return for the continued operation of UK ships on the route. Losses on the route are estimated at £3m for 1982.

Holidaymakers will find travel plans disrupted, but Sealink said most would find passages with the company's Continental partners or other British ferry companies. Authorities at Dover, the main British port for cross-Channel traffic, said disruption would be small.

During the peak summer period, Dover has more than 100 ferry sailings a day, compared to about 70 in off-peak months. Sealink UK services provided only eight of the summer sailings.

Sealink said last night it hoped that Mr Jim Slater, the general secretary of the NUS, could be brought into the talks. It was also trying to contact the Advisory, Conciliation and Arbitration Service (ACAS).

Mr McCluskie, who heads an NUS sub-committee on the Harwich issue, said the main reason for the walk-out from the talks on Sunday had been three clauses which Sealink had insisted on inserting into NUS proposals tabled on Saturday.

The most contentious of them for the union was one which restated company policy to obtain "a reduction in staff costs due to NUS members on the Harwich-Hook route of the order of £1m in a full year." If that were achieved, "immediate steps will be taken to withdraw completely from the route."

The NUS proposed that the eight-man negotiating committee would recognise the "serious financial problems of the Harwich operations" and would take over negotiations from the local port committee.

Those negotiations — Mr McCluskie made clear that they would aim to find considerable savings—would be preceded by a return to work by the Harwich membership and the national strike would be called off.

He said the committee might, for example, come up with some £500,000-worth of savings —but the company would have refused to accept them. He conceded that Sealink offered to

Continued on Back Page

Study charts dismal future for Britain's long-term unemployed

BY JOHN LLOYD, LABOUR EDITOR

THE FIRST authoritative study of long-term unemployment in the UK paints a bleak picture of a rapidly growing problem carrying high social, economic and psychological costs.

The study, contained in a confidential document prepared for the Manpower Services Commission, says that the long-term unemployed—defined as those without work for a year or more—now stand at more than 1m and may rise as high as 1.5m in the next few years.

It chronicles the relentless and increasingly rapid rise in the numbers affected, their growing inability to find work, the escalating cost of providing even a temporary palliative and the extreme difficulty of bringing in satisfactory solutions short of a change in economic policy.

The study shows that:

● One worker in 25 is among the long-term unemployed, compared with one in 250 10 years ago.

● If unemployment stays at about 3m for some years, as expected, "it seems likely to include long-term unemployed of between 35 to 40 per cent of the total—some forecasters put the figure as high as 50 per cent."

● The longer a person is unemployed, the longer he is likely to be. In January, 1982, 40 per cent of those unemployed for under three months left the register within a further three months. Only 15 per cent of those unemployed for 12 months or more did so.

● The rate for long-term unemployment is growing in all regions: but is highest —at 6.1 per cent of all employed—in the North and lowest (2.5 per cent) in the South-East. In Sunderland, 42 per cent of all unemployed are in the long-term bracket.

● Those affected are getting younger. More than 60 per cent are under 45, compared with a majority over 45 in the 1960s and 1970s. The fastest growth is among those aged 25 or younger.

● Most long-term unemployed are unskilled or semi-skilled, although the proportion of professionals is growing most quickly. Most are also poor and the disabled and ethnic minorities are worst hit.

The paper says that the high level of long-term unemployment is quite different from anything experienced in the post-war years and the prospects for theose affected seem unlikely to improve in the medium-term.

An anexe of the study on the "psychological impact of unemployment" gives a graphic, even harrowing picture of its effects.

The report agrees with received opinion among psychologists that unemployment causes first a shock, followed by active job seeking. Pessimism and depression result from failure to find a job, and fatalism and "a broken attitude" follow in due course.

The report goes on: "The most severe effects of unemployment on young people, and some of those in the late 50s, are likely to be more serious than those in middle life.

"Young people, denied their normal expectations of moving on from school to work, may have their emotional maturity retarded and they may not develop the habits of employment and normal self-identity which come from having a job, and become almost unemployable.

"Unless an alternative routine to employment can be established quickly, the inactivity and feelings of rejection can lead to physical decay and depression, and in many cases an early death."

The study outlines a number of possible policy responses, two of which—an extension of the Community Enterprise Programme and the scheme to subsidise job splitting—have already been adopted by he MSC and the Government.

The search for remedies, Page 13

Malaysia bans luxury car imports

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN Government has imposed a ban on imports of luxury cars until the end of the year. This is to reduce its balance of payments deficit after a sharp deterioration in earnings from exports of commodities.

Mr Tengku Razaleigh Hamzah... Mr Tengku Rithauddeen, the Trade and Industry Minister, said the ban will affect such types of car as Rolls-Roye from Britain and Mercedes-Benz and Porsche from West Germany among others, although it is not clear whether it covers Mercedes cars assembled locally.

Cycle and Carriage Bintang, the local assembler of Mercedes cars, recorded a turnover of 218m ringgit (£53.1m) last year and reported an improved first half this year despite a recession.

Malaysia assembles a variety of cars, mostly cheaper Japanese vehicles, but Malaysians often import luxury cars and buy an import licence to do so. Such licences will not be issued again until the end of the year.

The ban on imports of luxury cars is one of the measures announced by the government to try to curb expenditure. It stated that the 1982 budget would be reduced by U.S.$1.7bn (£982m) or 13 per cent.

The main cuts would be in defence and education. Apart from postponing the construction of new military bases and schools, the government has deferred the purchase of a new defence system, including 16 F5 fighters built in the U.S. and costing $260m.

Malaysia is expected to suffer a record balance of payments deficit of $3.5bn this year because of reduced income from exports.

Europe to aid China in hunt for coal

BY TONY WALKER IN PEKING

CHINA has reached an agreement with four European coal-importing countries to investigate the development of a huge steam-coal deposit in the south-west of the country. Development would cost an estimated $6bn (£3.4bn).

Western diplomats in Peking say French, West German, Belgian and Spanish companies, with their governments' backing, have signed commitments with China to investigate the project in Guizhou (Kweichow) Province.

An agreement for a feasibility study, which will take about a year, funded by grant-aid from the governments of the four European countries involved is expected to be signed in October.

If a decision is made to proceed, it would be the biggest and most ambitious primary-resource development China has undertaken.

Preliminary agreements signed by representatives of the China South-West Energy Resources United Development Corporation, set up to negotiate terms for the development, envisage a classic compensation deal. Hard currency costs would be repaid in coal shipped to countries providing financial backing. Because Britain is not a coal-importer, the compensation deal did not attract it to take part in the project.

A Hong Kong company, United Development Incorporated, part of international entrepreneur Mr Shaul N. Eisenberg's group of companies, was instrumental in setting up the deal.

A Chinese delegation, led by Kong Xum, chairman of the board of the South-West Energy Corporation, and including representatives of the Bank of China and various Chinese ministries, recently visited the four countries providing backing and Britain and Italy. At the end of the tour what is being described as a framework agreement was signed with the companies involved. Under this, financial backing would be provided through a mixture of export credits and low interest loans.

Preliminary agreements forese development of 29 mines and upgrading of three existing ones, the construction of a power-station and more than 800 km of railway, and extensions to the port of Zhanjiang in southern Guangdong (Kwantung) Province to accommodate 150,000-tonne bulk-carriers.

The German company, Salz-

Continued on Back Page

Kenyan coup attempt thwarted

By Michael Holman

FORCES loyal to President Daniel arap Moi of Kenya appeared to be in control last night after an early morning coup attempt led by air force officers.

Roadblocks have been set up on roads leading to the capital, Nairobi, where the city centre was deserted except for police and army patrols.

Mr Moi, who succeeded the late President Jomo Kenyatta in August 1978, broadcast to the nation last night and thanked the army for its "total loyalty to me and to the government."

The President, apparently speaking from State House, Nairobi, announced a dusk-to-dawn curfew in the city until further notice. Kenyatta international airport remained closed.

Shooting began in the centre of Nairobi early yesterday and lasted until noon. Shops were reported looted but no casualty figures were available. Embassies advised their nationals to stay indoors, and city hotels, filled with visitors from Europe and North America, told their guests to stay off the streets.

Information is scanty about the coup attempt; it was led by a group of officers from Embakasi air base, 15 miles from the capital.

The rebels announced yesterday over state radio the establishment of a military redemption council, the suspension of the constitution, release of political prisoners, and a non-aligned foreign policy.

The station was retaken after an exchange of fire in which several soldiers were killed. A Government broadcast said General Jackson Mulingu, the army chief of staff, had led forces loyal to the Government and defeated a "small group of rebels."

President Moi has taken increasingly tough action against government critics in the past few months. Moves have included the expulsion Mr Oginga Odinga, former vice - president, from the ruling Kenya National Union, and in June, Kenya became a one-party state.

Government opponents have highlighted the country's economic difficulties, and criticised Kenya's close ties with the West, notably the agreement which gives Washington use of the Indian Ocean port of Mombasa.

News analysis, Page 2

Israelis launch heaviest attack yet on Beirut

BY NORA BOUSTANY IN BEIRUT AND OUR FOREIGN STAFF

ISRAELI forces struck Beirut with the heaviest bombardment yet of the eight-week Lebanon war yesterday, but held back from a final assault on the city.

A new ceasefire arranged late in the afternoon seemed to be holding last night after Israeli tanks had edged close to the centre of west Beirut. In New York members of the United Nations Security Council agreed to demand an immediate ceasefire and to authorise UN observers to supervise it.

The battles in and around Beirut started at dawn yesterday when Israeli artillery, gunboats and fighter bombers launched fierce attacks on the capital. Tanks advanced beyond Beirut airport for the first time after Isareli troops took over the terminal. A Boeing 747 jet was destroyed on the runway.

The state-run radio said that "the number of casualties remains impossible to estimate," and many wounded lie untended under the debris because ambulances cannot move through the streets. Intense shelling has also prevented firemen going to buildings on fire, leaving them to blaze out of control.

In Israel senior officials made it clear that the motive for the assault was violation of the ceasefire by the Palestine Liberation Organisation and what they saw as an attempt by the PLO to drag out negotiations for their withdrawal from the capital. "We have to force the political process to move at a faster pace," a foreign ministry spokesman said.

Yesterday's attacks were so heavy there was widespread speculation that Israeli infantry was set to push into the guerrilla strongholds. Government spokesman Mr Dan Meridor, said after a Cabinet meeting, however, that no decision had been taken to enter west Beirut.

Government officials said that although they had not given up hope that Mr Philip Habib, the American envoy, would negotiate a PLO withdrawal, they were still waiting for an unequivocal commitment that the guerrillas intended to pull out of Beirut.

Anatole Kaletsky adds from Washington: Mr Ariel Sharon, the Israeli Defence Minister, said in an interview here that the Israeli aramy controlled Beirut Airport after the fighting on Saturday night.

The airport had been a no-man's land from which the PLO could attack Israeli soldiers, he said. But now Israeli forces were patrolling the airport and also controlled high buildings and hills around it which the PLO had used for artillery bombardment.

Bank of Norway to devalue krone today

BY OUR OSLO CORRESPONDENT

A "technical adjustment" of the Norwegian krone against a basket of foreign currencies, which is expected to result in the krone's devaluation by about 3 per cent, will come into effect today, the Bank of Norway announced at the weekend.

The system of index-weighting the krone against a basket of international currencies has been in effect since 1978. The revision of the index cuts sharply from 25 per cent to 11 per cent the weighting of the U.S. dollar in the currency basket.

It relegates the dollar from first to fourth place in the index scale, while the West German D-Mark moves to the top.

The Canadian dollar and the Austrian schilling have been included in the basket for the first time and the index now consists of 14 currencies.

Though the move by the Bank of Norway is clearly intended to lead to a depreciation of the krone on the foreign exchange markets, Mr Hermod Skaanland, the bank's deputy governor, emphasised that it was not a devaluation in the traditional sense.

Mr Rolf Presthus, the Minister of Finance, made it clear that the revision of the currency index was aimed mainly at improving the international competitiveness of Norwegian industry and the employment situation.

The Bank of Norway gave the following new percentage index weighting in the basket of foreign currencies that stipulate the value of the Norwegian krone (old weighting in parentheses): West German Mark 17.7 (14), Swedish krona 15 (18), British pound 14.7 (13), American dollar 11 (25), French franc 9.2 (4), Danish krone 6.8 (7), Japanese yen 6 (6), Dutch guilder 4.6 (4), Canadian dollar 3.6 (—), Italian lire (3.3 (2), Finnish mark 3 (3), Belgian franc 2.4 (2), Austrian schilling 1.5 (—), Swiss franc 1.2 (2).

Congress endorses South African constitution changes

BY J. D. F. JONES IN BLOEMFONTEIN

THE SPECIAL Federal congress of South Africa's ruling National Party unanimously endorsed the constitutional proposals of Mr P. W. Botha, the Prime Minister, here at the weekend.

The proposals — which both critics and supporters agree are the most important since the 1910 Act of Union — must now be taken to the four congresses of the National Party, after which they will go to Parliament for legislation.

The Bloemfontein congress has been carefully stage-managed and only three or four critics absented themselves before the vote. But, now that the Prime Minister has committed himself to an undeniably "reformist" platform, it is likely that other Right-wingers inside the National Party will depart, probably to join the breakaway Conservative Party led by D Andries Treurnicht, the former Cabinet Minister.

First reactions to Mr Botha's constitutional plan have ranged from a generally positive Afrikaans press to criticism from both white and Coloured politicians of the Prime Minister's failure to include the black majority in his reforms. Coloured and Indian politicians will now have to decide whether this omission makes it impossible to co-operate with the changes.

Attention is being drawn to various ways in which the new proposals differ from the recommendations of the President's Council earlier this year.

● The powers of the new President are considerable, but provision has now been made for impeachment or retirement.

● Although the recommendations of the President's Council have been frequently overruled in favour of the original 1977 constitutional plan of the National Party, the Council is to be given a new range of powers, principally the power of arbitration when the three chambers of Parliament disagree.

The composition of the President's Council in future therefore becomes particularly important. The President will nominate (and therefore presumably control) 25 of the 60 seats, while the remainder will be 20 whites, 10 coloureds and five Indians.

● Members of the multi-racial Electoral College who are to elect the Gaullist-style president —in a mix of 50 whites, 25 coloureds and 13 Indians — will themselves be chosen by the majority parties in their own chambers of Parliament. There is therefore no danger of the whites losing control of the election to the presidency.

● The precise role of the three chambers of the single parliament — for whites, coloureds and Indians—is not yet clear. Each chamber will exercise legislative authority in its own cultural or communal area but the President will determine which issues are to be communal and which are to be considered "national"

● There is no reference to a referendum

Resistance call to Poles renewed

WARSAW—Poles yesterday gathered at ceremonies to honour resistance fighters killed in the Warsaw uprising against the Nazis 38 years ago as Solidarity underground activists opposing present military rule issued a defiant new call for protests.

In Warsaw's Victory Square, a military parade and wreath-laying ceremony competed for attention with an unofficial gathering round a cross of flowers lying on the flagstones.

The cross, laid in honour of the late primate Cardinal Stefan Wyszynski a year ago, was also the scene of a Saturday night demonstration by about 1,000 opponents of martial law.

The demonstrations were the first in Warsaw since underground leaders called a halt to protest action in an attempt to create condition for talks with the authorities.

In a statement circulating over the weekend, five prominent fugitive Solidarity leaders rejected Government plans for a gradual relaxation of martial law.

The statement called for protests on August 31 to mark the second anniversary of the Gdansk agreement, which allowed independent unions for the first time

It said Solidarity supporters should also mark August 16, the date the inter-factory committee was established in Gdansk to negotiate the agreement. In the two intervening weeks "the presence of our union will be exceptionally visible," the statement added.

Reuter

Michael Holman looks at events and conditions leading to yesterday's abortive coup

Detentions and hardship fuel Kenya unrest

LAST MONTH Mr George Githii, editor of The Standard newspaper was summarily sacked for writing that Kenya "has been increasingly gripped with fear, the fear of detention of individuals without trials".

The incident was one of a series which, both in themselves and in the heavy handed Government response, suggested that all was not well in Kenya. And in the wake of yesterday's abortive coup against President Daniel arap Moi, further detentions seem inevitable.

The President, who succeeded the late Jomo Kenyatta in August, 1978, began his tenure on a very different note, by gradually releasing the detainees his administration had inherited.

But he also inherited some deep-rooted problems which had been disguised by the tea and coffee boom of 1976, and on which the Government has since had little impact.

Per capita income has steadily declined over the last few years. Nearly 80 per cent of the land is arid or semi arid, yet 85 per cent of the 17m population depend on the countryside for a living. With a phenomenal 4 per cent annual population growth rate, land hunger is increasing, per capita food production falling, and unemployment rising.

For the Government's critics these difficulties provided a strong political platform. Earlier this year, Mr Oginga Odinga, a former vice-president detained for three years by President Kenyatta, launched a scathing attack on the Government. "Mass unemployment, low wages, soaring prices, shortage of food," he said, were caused not by the Western recession or high oil prices, but by "corruption, misuse of our foreign exchange, importation of luxury goods, poor planning . . ."

Mr Odinga has since been expelled from the ruling Kenya African National Union (Kanu) but undoubtedly his criticism struck a responsive note. Not only among his own Luo people, but within the tribe that has dominated Kenyan politics, the Kikuyu.

Mr Moi, from the minority Kalenjin, has made little impact on the Kikuyus' dominance of the economy. But, within their ranks, are young radicals who argue that wealth lies in the hands of a minority and the price has been increasing hardship among the Kikuyu people

The Opposition has also been critical of Kenya's firm pro-Western line in foreign affairs.

The most contentious item is an agreement with the U.S. which gives Washington access to Kenyan facilities, notably the Indian Ocean port of Mombasa, on which the U.S. has spent $50m, and the local airport, adapted to take giant C141 aircraft bringing supplies to the ships.

Such close military ties are resented by many Kenyans, but their views rarely surface.

It is a symptom of a wider development. Under Kenyatta, Kanu changed from a vigorous grass-roots party which won independence from Britain in 1963 into an unresponsive rubber-stamp operated by a self-perpetuating oligarchy.

But, over the past few months, intolerance has become more pronounced, critics have been detained and, in June, Kenya changed its constitution and became a formal one-party state.

Meanwhile, Kanu has had to contend with a long-running dispute between Mr Mwai Kibaki, the Vice-President, and Mr Charles Njonjo, the former Attorney-General and now Minister of Constitutional Affairs.

Although both are Kikuyus, they are from different clans. The rivalry appears to have little to do with how Kenya should tackle its growing social and economic problems (although Mr Kibaki is thought to be more tolerant of debate within party ranks) and everything to do with power and personality.

It is a distinction that the country can ill afford.

'West exaggerates Soviet nuclear strength'

BY OUR MOSCOW CORRESPONDENT

THE SOVIET UNION, in the latest edition of an official booklet comparing East-West arms capability, says the West is deliberately exaggerating Soviet nuclear strength while understating its own forces.

The official Soviet news agency Tass, summarising parts of the booklet ahead of publication, said the Reagan Administration was deliberately trying to mislead world opinion over the extent of U.S. military power.

The booklet disputed Nato's claim that the total number of U.S. strategic delivery vehicles for nuclear weapons was 1,958. The true figure, it said, was 2,338.

It said Nato's figures for missile launchers on U.S. nuclear submarines fell 160 units short and the number of heavy bombers by 230 units compared with data provided when the Salt II treaty was signed in June, 1979.

The booklet also challenged Western estimates of Soviet strategic bombers, saying the figure was not 356 as claimed by Nato but 156.

Reuter reports from New York: The Soviet Union has offered to make substantial cuts in its long-range missile and bomber forces, but the U.S. considers the Kremlin proposal unacceptable, the New York Times reported yesterday.

The newspaper quoted Reagan Administration officials as saying that in return Moscow demanded that Washington "agree to forgo deployment of new medium-range missiles in Europe and to accept stringent restrictions on all future Cruise missile deployments."

The Soviet offer at the strategic arms reduction talks (Start) which opened on June 29 in Geneva, was not acceptable because it fell far short of President Reagan's proposal for even deeper reductions in long-range missiles, the newspaper quoted the officials as saying.

They said, however, that neither side had yet rejected the other's proposals.

The report added that the Soviet Union now has 2,500 missiles and bombers and the U.S. 2,000.

Curfew stays in south Sri Lanka after clashes

COLOMBO — A dusk-to- curfew remained in force the third day yesterday in Lanka's southern city of G after clashes between Sinhal and Moslems.

A senior police official sa there were a few minor inc dents of violence last night i Galle, south of Colombo, bu that no-one had been injured o arrested.

At least two people have die and more than 100 have bee injured in five days of violen which, led President Juni Jayewardene's government t declare a national emergency.

Several arrests have be made under the emergency regu lations which were imposed on Friday in an attempt to stop the riots from spreading to othe parts of Sri Lanka.

The emergency is the third since 1977, when Presiden Jayewardene's Government came to power.

Press censorship has been imposed, applicable to both local newspapers and foreign correspondents.

Reuter

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Namibia settlement hopes

BY OUR FOREIGN STAFF

SENIOR South African military officers are reportedly due in New York this week to attend talks on Namibia (South-West Africa) amid increasing optimism by Western diplomats that a settlement is in reach.

Mr Hans-Joachim Vergua, the West German representative on the five-member Western contact group mission told a news conference in Windhoek: "We have never reached so far as we are now."

The mission had been holding talks with representatives of the internal political parties about progress towards implementation of the United Nations settlement plan based on Resolution 435.

But there is no tangible evidence so far of progress on potentially the most difficult issue: South Africa's demand that Pretoria's withdrawal from Namibia should be matched—and possibly preceded—by the pull-out of the 15,000-20,000 Cuban troops in Angola.

Panama officials told to quit

PANAMA'S new President took up office on Saturday after calling upon hundreds of senior government officials to resign, Reuter reports from Panama City.

Ricardo De la Espriella took charge following the surprise resignation on Friday of President Aristides Royo.

Labour Minister, Jose Montenegro and State Electricity director Edwin Fabregas have already publicly announced their resignations in response to Mr De la Espriella's call.

Suarez's new party bids for the centre-left

BY TOM BURNS IN MADRID

FORMER SPANISH Prime Minister Adolfo Suarez has launched his new political party, the Centro Democratico y Social (CDS), with the potentially vote-catching appeal of standing up to the military and preventing the polarisation of Spanish politics. The CDS manifesto, unveiled at the weekend, proved to be a vintage Suarez mix of opportunism, instinct and high-sounding appeals for national unity.

The rapid launching of the CDS on the wheels of Sr Suarez' decision to leave the ruling Union de Centro Democratico (UCD) party that he founded in 1977 and led to two successive electoral victories demonstrated a carefully worked-out strategy to bid for the centre-left of the Spanish political stage.

It also indicated that recent efforts by Prime Minister Leopoldo Calvo-Sotelo to boost the ailing UCD under the party chairmanship of Congress speaker Sr Landelino Lavilla could be futile, while elections are now increasingly likely to be held before the end of this year.

Sr Suarez's electoral pitch showed that he intends to make full use of his courageous stand at the time of the 1981 coup attempt, when he remonstrated with Col. Antonio Tejero as the putsch leader seized parliament and refused to take cover when the rebel civil guardsmen started firing.

The most damaging allegation made by Sr Suarez against the UCD, led by the Lavilla-Calvo-Sotelo tandem, was that the Government party was unable to resist encroachment from a reactionary establishment.

In a clear allusion to conservative pressure from the military and financial world, the manifesto says: "Public opinion must know there are individuals in Spain who seek to use economic structures and even institutional powers to decisively influence civil power to the extent of altering the exercise of national sovereignty."

UK airports unit wins first air traffic control sale

BY OUR WORLD TRADE STAFF

UK AIRPORTS Group, an informal consortium of major British airport equipment manufacturers formed last year, has won its first contract.

It has received a £15m order from Brazil for air traffic control equipment to be used at the new airport in Sao Paulo and at Belo Horizonte.

Final details of the deal were locked in place when Lazard Brothers of London, in association with Libra Bank, announced a $83m finance package for Brazil, covering both the purchase of the equipment and funds for local works.

The British consortium in this case is led by GEC Electrical Projects. Other members include Marconi, Plessey, Racal-Decca, Thorn-EMI and IAL.

Membership of the consortium fluctuates according to the nature of the bid it is making, and smaller contractors are drawn in as necessary.

The group developed last year from a Department of Trade initiative, based on the idea that a combined effort by manufacturers would enhance the possibilities of winning orders for complete packages of airport equipment rather than for individual items.

This approach has been adopted with success by French and German manufacturers. UK Airports Group is now bidding around the world, seeking to exploit the extensive business available from airport development and renewal.

The existence of the group reflects the growing tendency, seen elsewhere, for example in the water equipment industry, for British companies' to co-operate more intensively in the international market place.

The Brazilian contract, which brings UK Airports Group out of the shadows, was foreshadowed last April when Sr Antonio Delfim Netto, the Brazilian Planning Minister, met Lord Cockfield, the Trade Secretary, in London and discussed a number of deals to enhance Anglo-Brazilian co-operation.

Much of the financing is coming from a £12.7m export credit, covered by the Export Credits Guarantee Department. This is repayable over 10 years at an interest rate of 7.75 per cent. The length of the maturity and the low interest rate arise from the fact that a commitment was made to Brazil before recent increases in export credit interest rates.

Lazards has also arranged a $25m commercial Eurodollar loan for Infraero, the Brazilian airports authority, while Libra Bank has arranged for Infraero another $35m Eurodollar loan.

Rare export finance deal set in Canadian dollars

BY OUR WORLD TRADE STAFF

J. HENRY SCHRODER WAGG has arranged one of the rare British export financing packages denominated in Canadian dollars and partly funded outside the banking system.

The loan is for C$62.5m (£27.8m) with funds from Royal Trust Corporation of Canada and the Royal Bank of Canada. It is covered by the Export Credits Guarantee Department.

The borrower is the City of Edmonton in Alberta which has a contract with GEC Turbine Generators and GEC Canada for two steam turbine generators to be used in a new thermal power station.

This is the second Canadian dollar-denominated export credit arranged by Schroders. The first was also to finance GEC turbine generator orders.

The new loan follows a commitment made last year, suggesting an interest rate under international export credit guidelines of 8.75 per cent. Repayments start after the commissioning of the turbines in 1986-87.

World Economic Indicators

UNEMPLOYMENT

		July '82	June '82	May '82	July '81
UK	000's	3,190.6	3,061.2	2,969.4	2,652.1
	%	13.4	12.8	12.4	11.9
		June '82	May '82	Apr. '82	June '81
U.S.	000's	10,427.0	10,549.0	10,307.0	8,604.0
	%	9.5	9.5	9.4	7.4
W. Germany	000's	1,650.3	1,645.8	1,710.1	1,125.7
	%	6.2	6.2	6.5	4.3
France	000's	1,867.1	1,865.3	1,928.2	1,625.5
	%	8.2	8.3	8.5	7.2
Italy	000's	2,357.8	2,308.9	2,291.5	1,924.4
	%	10.4	10.2	10.1	8.5
Netherlands	000's	521.6	486.0	482.7	360.1
	%	9.7	9.1	9.0	6.7
Belgium	000's	514.1	513.9	518.0	432.9
	%	12.6	12.6	12.7	10.6
		Apr. '82	Mar. '82	Feb. '82	Apr. '81
Japan	000's	1,430.0	1,470.0	1,350.0	1,370.0
	%	2.5	2.6	2.4	2.4

Source (except UK, U.S., Japan): Eurostat

Japanese trade group gets EEC rebuff

By Charles Smith in Tokyo

EUROPEAN businessmen and EEC Commission representatives in Tokyo declined to appear at a meeting of Japan's Manufactured Goods Import Promotion Committee which was held on Friday to consider obstacles to imports.

The EEC Commission said it was "reluctant to engage in discussions in an additional forum," given the variety of current bilateral trade problem discussions. Similar reasons for not appearing at the committee hearing were cited by representatives of the EEC steering committee.

The Manufactured Goods Import Promotion Committee was formed some years ago under the chairmanship of a former president of Mitsui to consider all types of obstacles to the import of manufacturing products. The committee consists of senior officials and businessmen. Its secretariat is provided by the Ministry of International Trade and Industry.

The idea of holding a series of joint committee sessions in which foreign businessmen could bring up specific instances of import obstruction was mooted early this year and was included as a special item to the Import Promotion package announced by Japan on May 27. After the announcement of the package, U.S. and Canadian representatives attended a joint session.

The EEC was said to have accepted "in principle" an invitation to attend a similar meeting. A letter explaining why EEC officials had decided not to attend the session was sent to the Ministry of International Trade and Industry.

Japanese officials appeared puzzled and annoyed at the European rejection of invitations to attend the hearings. One official noted that European companies also seem to have been hesitant in bringing up import obstruction cases before the Trade Ombudsman's Office opened early this year.

Gatt ministers to hold World talks next year

LESS developed countries plan to hold a major round of negotiations, probably beginning next year, to reduce tariff and non-tariff barriers to trade among themselves, Brij Khindarja writes from Geneva. Ministers from members of the Group of 77, which comprises the world's less developed countries, will meet in New York next month to start preparations. Previous trade negotiations, such as the Kennedy and Tokyo Rounds organised by the General Agreement on Tariffs and Trade (Gatt), have involved exchanges of trade concessions by both less developed and industrialised countries.

U.S. EXPORT TRADING COMPANIES

Congress poised for final action

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE U.S. Congress this week moves into the final stages of enacting a law which would permit the formation of export trading companies, raising hopes within the Reagan Administration that the legislation will receive presidential approval on Labour Day, September 6.

The legislation would allow banks, producers of goods and services, marketing companies and so on to combine their resources to sell abroad each other's products or the products of other companies. There would be a built-in immunity against anti-trust actions.

Plans to establish export trading companies, along with efforts to change the Foreign Corrupt Practices Act and a new tax regime for expatriates are the central points of the Administration's attempt to take constraints off U.S. exporters.

But the export trading company legislation is the most advanced in Congress and within the next fortnight a committee will be established, bringing together representatives from the House and the Senate to reconcile bills which both sections of the legislature have passed.

Last week, the House of Representatives first passed two bills related to export trading companies and then later passed a bill which is in effect a combined version of the earlier two. The Senate passed a bill in April 1981.

The approach of the House is said to be more generally restrictive than that of the Senate.

The Senate wants the Commerce Department to have the authority to grant certification to new companies guaranteeing anti-trust immunity, but the House favours the vesting of this power in the Justice Department.

The House would like bank investment in the new companies to be restricted to bank holding companies, while the Senate is content to allow direct participation.

Again, the Senate is content to exempt from official approval bank investment in the new companies of up to $10m; but the House would like the Federal Reserve Board to screen all bank investment.

Finally, the Senate would allow export trading companies a greater freedom to import goods than would the House.

Although these differences are seen as serious within the Administration, they are not thought to be irreconcilable. And certainly there is broad agreement on the principle of the legislation and optimism about its role in job creation, hence the desire to see President Reagan sign a bill into law on Labour Day.

U.S. officials have observed that two-thirds of Japan's exports are handled by export trading companies and while there is no desire to emulate this, surveys have suggested that the new law could spark a 5 per cent increase in U.S. exports within three years.

U.S. exports have a value of over $180bn a month, but the exporting network of companies is small for the size of the economy. The Commerce Department has estimated that only 10 per cent of manufacturing companies have export business.

The official aim is to widen this network and arrest the decline in the U.S. share of world trade. This has dropped from 15 to 12 per cent since 1970.

BAe jet deliveries due to start next month

BY JOHN WICKS IN ZURICH

DELIVERIES TO European and American customers for the Jetstream 31, the new light aircraft manufactured by the Scottish division of British Aerospace, are to start in September. This was stated in Zurich on Friday, where the company held its first foreign presentation of the model.

A total of ten firm orders and options have already been booked for the aircraft, according to Mr Ron Bustin, Technical Sales Manager.

Mall Airways, of New York, has ordered two units with an option on a further two. Contact Air (Stuttgart) has placed two firm orders and has an option on a further one, while the Oslo-based Partnair has ordered one with an option on a further unit. One model has also been sold to the group's U.S. subsidiary in Washington.

At the same time, an unnamed commuter airline on the U.S. west coast has issued a letter of intent for six, while an unidentified UK company has paid a deposit on one.

All of these 17 completed or pending sales concern the aircraft in its 18-seat commuter version. The current standard price for this is some £1.26m fully equipped.

A 12-seat Jetstream 31 intended for use as an executive shuttle aircraft will be presented to corporate and commuter operators in Germany, Scandinavia and the UK.

SHIPPING REPORT

Premium on Kharg Island

BY ANDREW FISHER

IRAN'S Kharg Island continued to be a focal point on the international tanker markets last week, with rates now much higher than elsewhere in the Gulf.

Shipowners willing to have their vessels loaded at the island and pay the extra war risk insurance caused by hostilities with Iraq can gain substantial premiums.

E. A. Gibson Shipbrokers reported that a major U.S. oil company obtained a 265,000 ton ship for a voyage from the Gulf to the West, steaming at a slow 11 knots to have fuel, for only Worldscale 21.

But a 210,000 ton cargo from Kharg Island to the Mediterranean was fixed for as high as Worldscale 32½. Gibson noted there was also a premium for loading from Iran for a trip within the Gulf. The same was true for smaller tankers willing to load at Kharg Island.

Overall, however, the rate structure remained depressed, though there was more inquiry, especially for vessels up to around 100,000 tons. Gibson said that "with the onset of the summer months, the market seems even more soporific than usual."

Dry cargo markets remained poor. Owners have been laying up more and more ships as rates have continued to sink.

"The immediate prospects for the dry cargo markets are bleak," commented Matheson (Chartering) in its monthly review.

Belgium agrees to buy F-16s

BRUSSELS — the Government has decided in principle to buy 44 additional American F-16 jet fighters to replace the air force's ageing French-made Mirage aircraft, the Defence Ministry said.

He cautioned, however, that the purchase hinges on U.S. willingness to place orders in Belgium to compensate for the purchase of the F-16s.

The F-16s will be largely assembled in Wallonia, Belgium's economically-depressed French-speaking southern half.

"The 44 aircraft will cost around BFr 30bn ($625m). Under Belgium's current 10-year defence modernisation programme, the funds will become available in 1986 or two years after Belgium will have taken delivery of the last of a series of 116 F-16s.

To keep F-16 production lines in the cities of Liege and Charleroi busy between 1984 and 1986, the Government will ask the Reagan Administration for compensating orders.

It wants the value of these orders to amount to 58 per cent of the F-16 order. Belgium is also seeking "indirect compensation of 22 per cent (of the value of the F-16 order) for industries in Flanders," Belgium's Dutch-speaking northern half, a Belgian Government official said.

AP

Airline payments

THE Bank of Tanzania has paid over $610,000 in hard currency to international airlines operating in Tanzania as part payment for tickets and freight charges owed to them over the past months. Reuter reports from Dar es Salaam. The money is about a sixth of Tanzania's debts to the airlines.

UK NEWS

Two more creditors of Saudi dealer

By Alan Friedman

JOHNSON Matthey Bankers and Lloyds Bank International are the two latest creditors of Abdullah Saleh Al Rajhi—the Saudi Arabian money-changer who owes British, Belgian and other banks about $300m (£173m)—to come into view.

The financial arm of the Johnson Matthey industrial group is claiming more than £1.5m, which it wrote off in its 1981 accounts. The claim relates to speculation in gold bullion by Abdullah Saleh Al Rajhi.

Lloyds Bank International, the international arm of Lloyds Bank, is understood to have an exposure of more than £1.5m as a result of the extension of foreign exchange lines of credit to the Abdullah Saleh Al Rajhi business, which is based at Ad Dammam and has 40 branches.

Lloyds Bank refused to confirm or deny its exposure, but the bank is believed to be making provisions against possible losses. The other UK clearing bank to have provided the Saudi money-charger with foreign exchange is National Westminster Bank, which is claiming about $1.2m.

CEGB seeks new deal with BR

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

BRITISH RAIL and the Central Electricity Generating Board are renegotiating their £190m-a-year contract for the carrying of coal from pits to power stations.

The outcome of the negotiations will be critical to the future of BR's freight operations which have been considerably weakened by the recent two-week strike by train drivers.

The CEGB, BR's largest freight customer, wants to end its exclusive dealing arrangement with BR and so open the possibility of making more use of alternative transport.

Even if the amounts of coal which might be shifted to other forms of transport turned out to be small—and environmental considerations would play an important part in determining the preferred means of carrying coal—BR fears it could lose sufficient business at the margin to threaten current levels of profitability of the CEGB contract.

The contract dates from 1976 and lasts for 15 years, with two five-year break clauses. Discussions between the two state-owned bodies have been going on for many months.

There are said to be great problems in reaching agreement, although the discussions are "amicable." The strikes suffered by BR this year, which have cost the freight division some £40m in lost revenue, make final agreement on the CEGB contract—accounting for between 25 and 30 per cent of BR's freight business—all the more desirable.

The CEGB's decision to try and change the exclusive dealing arrangement with BR, which provides for coal to be carried by rail where the facilities exist at the pithead and power station, arose from the report of the Monopolies and Mergers Commission into the CEGB published last year.

The report found the arrangement "a major restriction on competition from alternative forms of transport" and recommended that it be abandoned. It also recommended that the price variation mechanism in the agreement should be revised so as to give BR a greater inducement to limit growth of its costs and to enable the CEGB to benefit from improvements in productivity.

BR's freight division made a £1.5m loss last year, substantially less than the figure of £25m in the report and accounts published in May.

ICI and BP sign swap deal after writ hiccup

BY SUE CAMERON

IMPERIAL Chemical Industries and BP Chemicals have formally signed their petrochemicals swap deal—but only after British Petroleum had taken legal advice about an ICI writ against the Government.

The deal involves ICI exchanging its low-density polyethylene plastics business in the UK for BP Chemicals' PVC plastic operations. The agreement, part of a Europe-wide attempt to rationalise the ailing petrochemicals and plastics sector, will also mean substantial plant closures and the loss of a total of 1,800 jobs in Britain.

ICI is expected to make a small payment of less than £5m as part of the deal.

Last month, ICI took the unprecedented step of procuring a High Court writ against the Government, in support of its contention that tax concessions being given to its main UK rivals—Shell, Esso and British Petroleum—on the purchase of petrochemical raw materials were nothing more than subsidies. ICI maintains that the concessions are therefore in breach of the Treaty of Rome.

BP Chemicals is planning to spend some £30m on conversion of a base chemical plant at Grangemouth in Scotland to run on gas feedstock which should benefit from the tax concessions. Mr Robert Horton, managing director of BP Chemicals, is believed to have taken counsel's opinion on the likely outcome of the writ before he signed the deal with ICI on Friday. He was evidently advised that ICI would lose the case. ICI is confident that it will win.

Meanwhile, BP Chemicals is continuing to make heavy losses on its petrochemicals and plastics operations, partly because of the French Government's decision to freeze prices until September.

Further rationalisation at BP Chemicals is therefore expected.

OBITUARY

Mr Joceyln Cadbury

MR JOCELYN CADBURY, Conservative MP for Birmingham Northfield since 1979, was found dead in the grounds of his home in the city on Saturday. He was 36.

Mr Cadbury was a member of the Quaker chocolate family and the younger brother of Sir Adrian Cadbury, chairman of Cadbury Schweppes.

He won the Northfield seat, which is dominated by the BL Longbridge plant, on a 15 per cent swing from Labour in 1979, one of the largest in the country.

Mr Cadbury was regarded as being extremely assiduous in contacts with his car worker constituents and in voicing worries about the problems of the West Midlands.

He was one of the signatories of "Changing Gear," a pamphlet produced in September, 1981, by a group of younger Tory MPs, the so-called "wets." They criticised the results of the Government's economic strategy.

Mr Cadbury urged expansionary measures, particularly aimed at helping manufacturing industry.

Nevertheless, last November, he was appointed parliamentary private secretary to Mr Norman Lamont, the Minister of State for Industry.

At Westminster, Mr Cadbury was seen as charming, hard-working and rather correct. He was very much the devoted public-spirited son of an upper class family rather than a high-flying intellectual.

Friends and MPs, however, regarded him as something of a lonely figure — unusually reserved for a politician. At times he sat on his own in the MPs' Upper Gallery looking down on the Commons Chamber rather than in the House itself.

Mr Cadbury was educated at Eton and Trinity College, Cambridge, where he read economics and anthropology and was a good oarsman. He was an industrial relations officer at Joseph Lucas in Birmingham from 1970 to 1974 and then worked as a manager in the family business.

He was the son of Mr Laurence Cadbury, aged 93.

The family had a Liberal tradition and he was the first to become a Tory MP.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Hazlewood Foods, Empire Works, Rowditch, Derby, 12.00
Petbow Hldgs, Richborough Works, Sandwich, Kent, 12.00

BOARD MEETINGS—
Finals:
Ailsa Inv Trust
Longton Industrial
McLeod Russel
Norton (W. E.)
Phoenix Timber
Interim:
Intnl Inv Trust of Jersey

DIVIDEND & INTEREST PAYMENTS—
Allied London Properties 10pcPf 5pc
Allied Lyons 3.5p
Braby Leslie 1.5p
Braid Group 5pcPf 1.75pc
Brown Shipley 4.25p
Citicorp 43cts
City of Aberdeen Land Assoc 4pcPf 1.4pc
Coalite Grp 3.1p
Continental Illinois Corp 50cts
Courtaulds 2p
De La Rue 15.48p
Fleming American Inv Tst 3p
Hardys and Hanson 4p
Hawker Siddeley Grp 5½pcPf 1.925pc
Huntingdon and Peterborough City Council 9½pc 1981-83 4¾pc
Imperial Chemical Inds 5pcPf 1.75pc
Jenners, Princes Street, Edinburgh 10pcPf 5pc
Lloyds and Scottish 1.87p
Northampton Var Rate Red 1983 £7.8125
Pentland Inv Tst 1.5p
Pitman 10pcPf 5pc
Property Partnerships 3.1p
Shell Transport and Trading 7pc 2ndPf 2.45pc
Slough Estates Db 3¼pc
TR Industrial and Gen Tst Db 2¼pc
United States and Gen Tst Corp 5.5p

TOMORROW

COMPANY MEETINGS—
BET Omnibus Services, Stratton House, Piccadilly, W, 3.00
Equity Consort Inv Tst, New Court, St Swithin's Lane, EC, 2.45
Frank Horsell, Howley Park Estate, Morley, Leeds, 11.30
Stead and Simpson, Fosse Way, Syston, Leicester, 12.00
Sutcliffe, Speakman, Midland Hotel, Peter Street, Manchester, 12.30
Walker and Staff, Walker House, Boundary Street, E, 12.30

BOARD MEETINGS—
Finals:
Austin (James) Steel
Black (Peter)
Gnome Photographic Products
Malaysia Rubber
Sentrust
Smith (David S.)
Interims:
Aaronson Bros
Barclays Bank
Bath and Portland
British Printing and Communication
Evode
Hoover
Johnstone's Paints
Law Debenture
Lonrho

DIVIDEND & INTEREST PAYMENTS—
Brunner Inv Tst 1.45p
Continuous Stationery 1.7p
Sutton District Water 7pc (fmly 10pc) 3.5pc. Do 4.9pc (fmly 7pc) 2.45pc. Do 3.15pc (fmly 4½pc) Pf 1.575pc. Do 3.85pc Red Pf (fmly 5½pc) 1981-83 1.925pc

WEDNESDAY AUGUST 4

COMPANY MEETINGS—
Elenroad Mill, Bentgate Street, Newhey, Rochdale, 3.30
Energy Capital, 30, Artillery Lane, E, 10.30
Halma, Dorchester Hotel, Park Lane, W, 12.00
Holden (Arthur), Midland Hotel, New Street, Birmingham, 12.00
Mansfield Brewery, Littleworth, Mansfield, 11.30
Mountview Estates, Regent Palace Hotel, Piccadilly Circus, W, 12.00
Nesco Inv, 44, Bloomsbury Square, WC, 12.00
Powell Duffryn, Dorchester Hotel, Park Lane, W, 12.00

BOARD MEETINGS—
Finals:
Hallite
TR City of London Trust
Interims:
Bibby (J.)
Rights and Issues Inv Trust
Smallshaw (R.) (Knitwear)

DIVIDEND & INTEREST PAYMENTS—
American Medical Intnl Inc 15cts
BET Omnibus Services 10pcPf 3.5pc
Banco De Gogota Finance Corp Gtd Fltg Rate Notes 1985 $82.96
Bank of Tokyo (Curacao) NV Gtd Fltg Rate Notes 1991 $413.22
Castlefield (Klang) Rubber Estate 4p
Doornfontein Gold Mining 60.39644p
Driefontein Cons 67.946p
Elswick-Hopper 0.025p
Folkestone and District Water 7pc (fmly 10pc max) £10 3.5pc. Do 4.9pc (fmly 7pc) Max New Ord £10 2.45pc. Do 4.9pc (fmly 7pc) Max Ord (1953 Iss) £10 2.45pc. Do 3.5pc (fmly 5pc) Max Ord £10 1.75pc
Hapoalim Intnl NV Gtd Fltg Rate Notes 1986 $829.58
Johnson Matthey 7p
Killinghall (Rubber) Development Syndicate 2p
Kloof Gold Mining 75.49555p
Libanon Gold Mining 70.462529p
Stead and Simpson Ord and A Ord 2.85p
Venterspost Gold Mining 27.6817c
Vlakfontein Gold Mining 10.06607p

THURSDAY AUGUST 5

COMPANY MEETINGS—
Anderson Strathclyde, Central Hotel, Gordon Street, Glasgow, 12.00
Baker Perkins, Hyde Park Hotel, Knightsbridge, SW, 11.45
Bradford Property Trust, Victoria Hotel, Bridge Street, Bradford, 12.00
Churchbury Estates, Waldorf Hotel, Aldwych, WC, 10.00
Reed Intnl, Institution of Electrical Engineers, Savoy Place, WC, 12.00
Triplex Foundries, Upper Church Lane, Tipton, 12.00
United Electronics, Great Eastern Hotel, Liverpool Street, EC, 12.00

BOARD MEETINGS—
Finals:
Gordon and Gotch
Hales Properties
NMC Invs
Unitech
Wagon Industrial
Interims:
Aquis Securities
Silverthorne

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mortgage Corp 14⅞pc Bds 11/2/83 7⁷⁄₁₆pc
Banque Nacional De Mexico SA Fltg Rate Sub Notes due 1992 $403.79
Barlow Hldgs 2.25p
Bradford Property Tst 3p
British Inv Tst Db 2pc
Buffelsfontein Gold Mining 280cts
CA Cavendes Sociedad Financiera Fltg Rate Dep Notes due 1986 $397.71
Christiania Bank OG Kreditkasse Fltg Rate Sub Notes 1991 $39.13
Construction Hldgs 5.95p
Malaysia Mining Corp Sen 10
Mansfield Brewery 3.75p
New Throgmorton Tst Income 1p
Press (William) 1.06p
Scotcros Ln 2pc
Scottish Northern Inv Tst 4½pcPf 1.5925pc
TSL Thermal Syndicate 1p
Walker and Staff 1.35p

FRIDAY AUGUST 6

COMPANY MEETINGS—
Brickhouse Dudley, Strathallan Hotel, 225 Hagley Road, Edgbaston, Birmingham, 12.00
Ferguson Industrial Hldgs, Appleby Castle, Cumbria, 11.30
GEI Intnl, Savoy Hotel, Strand, WC, 12.00
Imperial Continental Gas, Chartered Insurance Institute, 20 Aldermanbury, EC, 11.30
Jenkins (Robert) Wortley Road, Rotherham, 12.00
Scapa Group, Saxon Inn Hotel, Yew Tree Drive, Blackburn, 11.30
Tecalemit, Winchester House, 77 London Wall, EC, 12.00

BOARD MEETINGS—
Finals:
Cray Electronics
Hillards
Owen and Robinson
Regional Properties
Shaw and Marvin
Interims:
Nottingham Manufacturing
Standard Telephone and Cables

DIVIDEND & INTEREST PAYMENTS—
Amber Industrial 2p
Anderson Strathclyde 4.9p
Anglia Television Group A 2.5p
Anglo American Corp of South Africa Pfd 1.49320p
Bakers Household Stores (Leeds) 0.65p
Beechwood Construction 1p
Brickhouse Dudley 2.25p
British American and General Trust Ln 2pc
British and Commonwealth Shipping 7.5p
British Dredging 0.5p
Brown (Matthew) 1.35p
Burnett and Hallamshire 7.5p
Century Oils 2.4p
Continental and Industrial Trust 9p
Dentsply Ln 4½pc
Dundonian 2p
Edbro (Hldgs) 3p
Equity Consort Inv Trust 6.3875p. Do Dfd 10.675p
Groorvlei Proprietary Mines 15.08027p
Hopkinsons Hldgs 4.15p
Imperial Chemical Inds Ln 5½pc
International Distillers and Vintners Ln 4¼pc
International Paint 3p
LCP Hldgs 1.8p
Marievale Consolidated Mines 8.03567p
Mid-Sussex Water 4.9pc (fmly 7pc) Max addtl Ord 2.45pc
Mountview Estates 2.5p
Muirhead 2p
New Throgmorton Trust Ln 3½pc
Norcross 3.92p
Pegler-Hattersley 6.75p
St Helena Gold Mines 72.82333p
Stilfontein Gold Mining 100cts
Tecalemit 0.8p
Tesco Stores 1.9p
Triplex Foundries 1p
UDS Group 1p
United Electronics 0.35p
Vectis Stone 0.6p
WGI 5.4p. Do 4.9pc Pf 2.45pc
Webster (Samuel) Db 3½pc
Whitbread Db 3½pc
Woodhead (Jonas) 0.1p

SATURDAY AUGUST 7

DIVIDEND & INTEREST PAYMENTS—
Burroughs Corp 65cts
Fuller Smith and Turner A 5p
Hinton (Amos) Ln 3½pc
Holden (Arthur) 4p
Maple Ln 5½pc
Southern Rhodesia 4½pc 1987-92 (Assd) 2¼pc. Do 4½pc 1987-92 (Unassd) 2¼pc

SUNDAY AUGUST 8

DIVIDEND & INTEREST PAYMENTS—
Reed Intnl Deb 3½pc (1990-95), Do Ln 5pc

UK NEWS

Britoil becomes independent of BNOC

By Richard Johns

BRITOIL YESTERDAY became an independent entity controlling production and exploration interests owned by the British National Oil Corporation.

Shares in Britoil, which was a subsidiary of BNOC, have been transferred to the Secretary of State for Energy prior to the sale, planned tentatively for November, of 51 per cent of them to the public.

Mr Nigel Lawson, Energy Secretary, said yesterday the way was open for the public offer this year if market conditions permitted.

Both date and manner of privatisation remain problematical because of uncertainty about oil price movement and the danger of a transfer which might prove, in terms of easy capital gains, more controversial than the sale to the public of Amersham and Cable and Wireless.

BNOC Trading has been renamed plain BNOC. It will continue to exercise the state's right to purchase 51 per cent of all crude oil produced in UK territory, to market participation oil and undertake the role of price-setter.

Britoil starts its separate existence under the chairmanship of Mr Philip Shelbourne, formerly chief of BNOC, with a portfolio of interests in producing-fields and fields under development, and equity interests in more licences than any concern active in the UK. It is rivalled only by the larger integrated companies.

The share of output bequeathed by BNOC has run recently at 140,000 barrels a day from the six fields in which it has an equity interest varying from 5.3 per cent to 28 per cent. These are: Beatrice, Thistle, Dunlin, Murchison, Ninian, and Statfjord.

Britoil takes over a 20 per cent stake in Brae and Hutton fields, scheduled to come on stream in 1983 and 1984 respectively. It is expected to make an application soon to develop the Clyde field.

Britoil has a half share in the Viking gas field and an equity stake in licences covering more than one-third of the area so far awarded on the UK Continental Shelf.

U.S. proves healthier as heart disease takes high toll

BY DAVID FISHLOCK, SCIENCE EDITOR

THE U.S. has been far more successful than Britain at reducing the risk of death from heart disease, according to a report* published today by the Office of Health Economics, the think-tank of the British pharmaceutical industry.

Nearly 28,000 men and 7,400 women under the age of 65 in Britain die from heart disease each year — a higher rate than most European countries, and at least five times as high as Japan.

The report, Coronary Heart Disease, estimates the disease cost the National Health Service in England and Wales £255m last year. This includes £154m for about 2.5m patient-days of hospital care. Drugs cost £84.5m.

The health office warns it is unrealistic to expect a single drug to cure the disease, given its complexity.

Treatments likely to be available in the foreseeable future will be unable to treat the underlying causes of the disease, which are still unknown.

But it calculates that 9,300 fewer deaths-a-year among men aged between 35 and 60 would have been occurring by the late 1970s, if Britain had followed the U.S. pattern of the 1970s.

Instead, Britain's mortality rate from heart disease has remained almost unchanged, except for some decline in males aged between 35 and 44.

The report blames a reluctance to change certain habits—mainly smoking, exercise and diet. And it says public awareness of the risk factors for coronary heart disease is "disappointingly inaccurate."

It cites a recent analysis of U.S. mortality trends showing that the falls of the past decade "reflect increased efforts towards healthier life styles."

The analysis calculates that half the decline in deaths is because of a decrease in smoking, 25 per cent because of lower serum cholesterol levels, and 25 per cent because of better management of high blood pressure.

A British interpretation of the figures, made by the Royal College of General Practitioners, estimated that such changes could save 15,000 British lives a year among people under 70.

● The dermatology unit in Glasgow's Southern General Hospital may close because the Greater Glasgow Health Board has overspent its budget.

Sir Simpson Stevenson, chairman of the Health Board, said: "We have, along with other options, looked at the dermatology unit and it is a distinct possibility that it will close, although I cannot comment on the timing."

Successive governments had asked the authority to reduce hospital beds because of falling population.

"We are having to act quickly and there is no doubt that some cut-backs and closures will take place quickly while others will be longer-term," he said.

Cash limits had made it increasingly difficult to maintain the board's policy of no redundancies, he said.

"One of our biggest problems has been rates. We pay more than £10m a year in rates, and although this year's cash allocation was increased by 9 per cent, inflation on last year's amount has meant we have had to find £750,000 for rates over and above the 9 per cent.

** Coronary Heart Disease. Office of Health Economics, No. 12 Whitehall, London SW1A 2DT. £1.00.*

APPOINTMENTS

Senior post at Long & Mumbly

Deputy chief executive of Tarmac's building products division and chief executive of the manufacturing division, **Dr John White**, has been appointed chairman of LONG AND HAMBLY. Controlling interest in the company was recently acquired by Tarmac. Other directors appointed include **Mr S. C. Beecham**, finance director of building products' manufacturing division, **Mr David Evans**, managing director of Tarmac Polymer, and **Mr Ronald Tupper**, Tarmac's legal advisor.

★

Mr James Powell, formerly of Guinness Mahon and Co., has been appointed finance director of ASSOCIATED BRITISH ENGINEERING.

★

Mr John R. Storar has been appointed a non-executive director of ACROW. Mr Storar is a director of Merchant Bankers, Samuel Montagu.

★

Mr N. S. Coldwell has retired from the board of BORAOORA TEA HOLDINGS. **Mr R. J. K. Muir** has been appointed a director.

★

Mr Michael H. Stewart has been appointed financial director of DATASOLVE the computer services company recently acquired by THORN EMI. He was financial controller.

★

Mr Ray Westwood has been appointed managing director of T. I. BENNETT MACHINES. He continues as managing director of T. I. Bennett Tools.

★

Mr S. D. Wharam has been appointed managing director of AIRWORK. Mr Wharam succeeds **Mr T. P. Aldous**, who has retired.

★

Sir Jack Wellings, having served a three-year term as a non-executive director of TURNER AND NEWALL, has resigned from the board because of his increased overseas commitments in the 600 Group, of which he is chairman and managing director, and his new appointment as a non-executive director of the Clausing Corporation, Kalamazoo, Michigan, U.S.

★

Professor John Marshall is to succeed **Dr David Davies** as chairman of the ATTENDANCE ALLOWANCE BOARD. The appointment is for five years and comes into effect on October 19.

★

Mr C. S. Elliott, a partner of L. Messel and Co and a member of the Council of The Stock Exchange, has been appointed a director of NMW COMPUTERS in place of **Mr J. S. A. Kingsley**, who has retired.

★

Tories hope for Reagan U-turn

By Peter Riddell, Political Editor

CONSERVATIVE Party leaders are looking to a U-turn by the Reagan Administration in Washington, rather than to any change in British economic strategy, to help the British economy and Tory political prospects before the next election.

Mrs Margaret Thatcher and Mr Cecil Parkinson, the Conservative Party chairman, have been putting out the message over the last week that relief can be expected from across the Atlantic.

In the short term, there are growing hopes that a further reduction of U.S. interest rates will permit another cut in UK rates. This has emerged as the main immediate priority of Treasury policy.

In the medium term, senior Tories hope, after contacts with U.S. Cabinet members, that the Reagan Administration will act to improve the U.S. economy well before the presidential election in 1984.

A desire to benefit from any U.S. upturn is also leading to talk among senior Tories of the general election being held at the last possible date in the summer of 1984, but October 1983 remains the favourite date.

As Parliament began its summer recess on Friday, there were growing signs of unease among Tory MPs about the state of the economy. There are likely to be demands for Government action in the autumn, if there is no evidence of an economic upturn by then.

Jenkins pledges joint election programme

BY OUR POLITICAL EDITOR

A SHORT joint programme for action in government will be produced by the Social Democratic and Liberal Parties for the next election, Mr Roy Jenkins, the new SDP leader, said yesterday.

Interviewed on the ITV programme Face the Press, Mr Jenkins confirmed the existence of a joint programme but was cautious on the subject of a designated Alliance candidate for Prime Minister.

He said there would be such a candidate but declined to answer specifically how that candidate would be elected. This reflects a desire by both Mr Jenkins and Mr David Steel, the Liberal leader, not to arouse antagonism before their responsive party conferences.

Mr Jenkins said that the choice would be made "in a way that commands the support of both our parties. There is no electoral college for deciding on an Alliance leader.

"We have 30 MPs and they (the Liberals) have 12. That would not be a satisfactory electoral college. Equally the basis of their support in the country is different from ours."

On the subject of electoral reform, Mr Jenkins said the Alliance would attach at least equal importance to getting the economy right. "If we hold the balance of power, we would say we must have electoral reform and a sensible economic policy."

Small Firms Service queries rise

By Tim Dickson

THE NUMBER of small businesses taking advantage of the Government's Small Firms Service has nearly doubled in the past year.

A report by Mr Patrick Jenkin, Secretary of State for Industry, says that the network of Small Firms Centres received 212,122 inquiries from April 1, 1981 to March 31, 1982, compared with 108,767 in 1980-81.

Counselling has also increased. Altogether 12,660 cases were dealt with in 1981/1982, compared with 10,126 in 1980/81 and 6, 329 in 1979/80.

The Small Firms Service was set up in 1972 solely as an information service, answering questions from owners of small businesses and those starting up.

It was subsequently found that problems raised were either not readily identifiable or required more detailed and specialised guidance. Hence the introduction of counselling in 1978.

Counselling is carried out through a network of area offices by experienced businessmen, who are employed by the Department of Industry on a self-employed basis. The advice is confidential and impartial and covers a wide range of management problems.

Police begin Clore tax investigation

DETECTIVE Chief Superintendent Lawrence White of the Metropolitan Police fraud squad has begun to investigate the possibility that there was a conspiracy to defraud the Inland Revenue of tax due on the estate of the late Sir Charles Clore.

His inquiries are likely to focus on the part Stype Investments (Jersey)—a company owned by a Jersey settlement set up by Sir Charles shortly before his death in July, 1979—played in the transfer to Jersey after Sir Charles's death of the £20.5m proceeds of the sale of his largest English asset.

Last April the Court of Appeal said that there was a grave possibility that the money had been paid to Jersey to evade tax.

The Director of Public Prosecutions (DPP) should be asked to investigate the possibility of a fraud conspiracy, the court said. The DPP brought in the police last week.

Stype is being sued by the Revenue, which claims that about £15m is capital gains tax is due on the £20.5m proceeds of the sale of the Guy's Estate in Herefordshire. The Revenue estimates that up to £39m in tax could be due from Sir Charles's worldwide estate.

A parallel High Court action has been begun against Stype by the Official Solicitor, who was appointed by the court to administer the Clore estate in England.

The directors of Stype are Sir Charles's executors and Mr John Dobbs, Jersey manager of Lloyds Bank Trust Company (Channel Islands). All but 12 of Stype's 100,000 $1 shares are held by Lloyds Bank Trust Company (Channel Islands) as nominees of the Jersey settlement.

In the Appeal Court in April, Lord Justice Templeman said that, on September 27, 1979, the Stype directors authorised Mr Dobbs and Lloyds Bank Trust Company (Channel Islands) to execute all the documents necessary to complete the sale of the Guys Estate to the Prudential Assurance Company.

It was further resolved, said the judge, to deposit the sale proceeds with Lloyds Bank International Finance (Jersey).

Stock Exchange court date set

By Raymond Hughes, Law Courts Correspondent

THE EXAMINATION of the Stock Exchange rule book by the Restrictive Practices Court will not begin until January 1984.

The date was fixed by Mr Justice Lincoln after he had heard conflicting contentions by counsel for the Office of Fair Trading and the Stock Exchange about when the case would be ready for trial.

Mr David Oliver, for the OFT, said that the earliest it could be ready would be March or April 1984 and it would have preferred the case not to start before October that year.

Mr Kenneth Parker, for the Stock Exchange, said it would be ready to begin in October 1983. There would be considerable uncertainty until the matter had been dealt with, and that was not in the Stock Exchange's interest.

The judge said it was appalling that a case that was to decide whether something was contrary to the public interest should take so long before coming to the court.

£10m facelift for Mersey rail station

LIME STREET Station, the dingy, but world-famous gateway to Liverpool, is to be improved at a cost of more than £10m.

Go-ahead for the scheme—which involves public and private sectors—will be given today by Mr Michael Heseltine, the Environment Secretary.

The project is meant to be *completed by 1984 when more* than 3m visitors are expected on Merseyside for Britain's first International Garden Festival, which is being staged over six months on reclaimed derelict *dockland.*

Parliamentary diary

TODAY

Lords: Employment Bill, Report. Adjourn for summer recess.

BOND DRAWINGS

UK NEWS

Temperatures rise in Brixton's Railton Road

A year after last summer's riots, the 'front line' is going through a crucial phase, writes Lisa Wood

DURING the past few months tensions in Brixton's Railton Road area, focal point of last year's riots, have been rising as unemployment among young blacks in the area has soared to 78 per cent.

Earlier this month police, who have adopted a low-profile approach since last year's riots, warned the new police-community liaison committee that they would have to take firmer action if the level of lawlessness in the area continued.

Twelve policemen were injured in one week in a series of incidents in Railton Road, including a serious gang fight between black youths.

Residents in streets backing on to the area formed an association in January and went on rent and rates strike in desperate protest at a commercially-run club, squatting in a council-owned property in their street, which started playing music at 11 pm and continued until 7 am.

On Friday, Mr Robin Pitt, Lambeth council's new Tory leader, announced a package of measures, including the demolition by October of six squatted properties in Railton Road. Here a hive of recreational activities — some legal, others not — operate, with young unemployed youths, mainly British-born, thronging the pavements outside.

In announcing the measures, which include offering the various "social clubs" new premises away from residential areas and giving Railton Road a £1m facelift, Mr Pitt said the warning given by Cmdr Brian Fairbairn, in charge of "L" district, had been heeded.

"All of us," he said, "are concerned to avoid a massive police operation if at all possible, since this is likely to cause serious repercussions. But equally we are all agreed that the situation in this part of Inner London cannot be allowed to drift on in this way."

According to some people in Brixton, problems have not just drifted but actively got worse over the last year despite the fact that the riots have concentrated the minds of government, the police and many other concerned agencies.

Mr Renee Webb, director of the Melting Pot Foundation, a black charity which aids homeless youths, gave evidence to Lord Scarman and is now a member of Brixton's police-community liaison committee.

The attitude of the police had changed, he said, but: "We wanted policing in a different way. We did not intend that the police should turn their back on crime. From what I hear, the police are saying Railton Road is a 'no-go' area."

The council, he said, did have some responsibility, but it was not simply a matter of demolishing houses. "Hundreds of people up Railton Road, of whom only a minority I believe break laws, are not working and have nowhere else to go. Housing, for example, is a serious problem."

An Afro-Caribbean Centre is planned adjacent to a new housing estate under construction in Railton Road's long, blighted, northern end. The impetus for the £1m centre, funded through the Inner City Partnership, came from Brixton's older "alienated hard core" of black unemployed. But it, like the houses, will not be ready before late 1983.

Some young blacks, living a transient and unconventional lifestyle, say the centre will not cater for their needs. One 28-year-old said: "You will have to pay and we have no money. It will probably close at 11 pm and that is when we start to rave."

It was noise from all-night parties, called "blues," that finally stirred residents in nearby Talma Road to form an association and go on rent and rates strike. They demanded that some 10 empty council properties on the street be renovated and put into proper use and that the council provide alternative facilities for youths on the "front-line."

Lambeth's police are emphatic that Railton Road is not a "no-go" area. Police vans are, in fact, frequently seen there and arrests are made. But as one beat officer said: "I wouldn't walk up there alone. You could be knifed."

Middle-aged, unemployed West Indian-born blacks, playing dominoes and eating their supper in an upstairs room of one of the houses to be demolished, said they would move if proper facilities were provided. But one man added: "I'm not going to stop smoking cannabis." The 37-year-old father of five lost his council job last year after being sent to prison for possession of the drug.

When the bulldozers are ready to move in those not willing to move, who may include drug dealers who do not want to lose their cover, will be served with eviction orders. Bailiffs may have to have the support of the police.

With expectations growing, the crucial factor is that they are met. It not, squatting could increase in a borough with over 1,000 empty council-owned properties. A new homesteading scheme is under urgent consideration and may be extended to the 400-odd "licensed" squatters.

Mr Jeremy Brown, Lambeth's chief town planner, said the next few months were crucial. In the long-term there are plans for a new commercial and housing development near the shopping centre. Fresh disorders could frighten away investors and new jobs.

There is no consensus of opinion. Neither the former Labour council, the present Tory administration or the police-community liaison committee have a magic wand. But at least they say they are together trying to find a compromise.

INSURANCE

Decision to have Howden audit surprises market

BY JOHN MOORE, CITY CORRESPONDENT

THE announcement last week by Alexander & Alexander Services Inc, the U.S. insurance broking giant, that it is mounting an extensive audit into the accounting practices and businesses of Alexander Howden Group, prior to its takeover of Howden earlier this year, startled the London and U.S. insurance markets.

The audit has been in progress for only the last two or three weeks and so far Alexander & Alexander cannot yet determine "what adjustments may be needed in the net assets acquired" in its £150m takeover of Howden. The management does not believe at present that there will be any significant effect on the businesses of either group.

Alexander & Alexander, the world's second largest insurance broker, and Alexander Howden are very different companies. Alexander & Alexander is a retail broker, the professional intermediary which links the client who needs insurance with the market that underwrites insurance business.

UK-based Alexander Howden is essentially a wholesale broker with extensive underwriting interests. Howden, with more than 200 subsidiaries, provides a range of reinsurance broking and underwriting services to other insurers, as well as insurance broking services.

Howden has extensive interests at Lloyd's of London through a number of approved Lloyd's broking subsidiaries. Through its wholly-owned subsidiary, Alexander Howden Underwriting, Howden acts as both a member's agent, introducing members to Lloyd's, and a managing agent, organising and managing insurance underwriting syndicates in the Lloyd's market.

The Lloyd's agency activities contributed about 20 per cent of pre-tax profits between 1978 and 1980. In 1980, Howden's total pre-tax profits were £20m.

Howden owns controlling interests in nine insurance companies—three in the UK, one in Canada, two in Bermuda and three in the U.S. It also serves as managing underwriting agents for 11 insurance companies, including three of its own, according to the Alexander and Alexander offer documents.

An indication of the way in which Howden's operations are supported by trading between its own subsidiaries emerged last year as the group took steps to block efforts by Parliament and Lloyd's to force brokers to sell off their shareholding links with Lloyd's underwriting management companies.

During 1980 about 8 per cent of the premium underwritten by Lloyd's syndicates managed by Alexander Howden Underwriting was placed with the syndicate by Howden broking companies. Howden broking companies also dealt with 40 per cent of the reinsurance business placed by Lloyd's syndicates managed by Alexander Howden Underwriting.

Howden reckoned in estimates given to parliament that at the end of the third year of the Lloyd's 1979 underwriting account, which closed last December, its main marine underwriting syndicate, number 127, would have reinsured £23m of its business.

The broking arm of Alexander Howden would have placed £13m of the reinsurance business. Some £9m of that figure was expected to go to insurance companies which Howden owned.

The group's UK companies, Sphere, Drake and Stirling, might have all participated in the business as well as other of Howden's companies overseas.

In this way Howden can earn commissions on the placing of the primary risk, a commission on the placing of the reinsurance, and further commissions when it arranges other reinsurance protection for its own companies which have accepted reinsurance business.

Howden failed in its efforts in parliament to stop the mandatory sale of brokers' shareholding links with Lloyd's underwriting management companies.

As the new Lloyd's legislation passed on to the statute books last month, Howden faced new problems. Other underwriting agents began to withdraw Lloyd's members away from the Howden syndicates.

They feared that the group's star underwriter, Mr Ian Postgate, would stop underwriting for the main Howden syndicates and concentrate on developing his own independent agency.

Then the underwriting of syndicate 127, and a sister syndicate, 126, was curbed because the maximum amount of premium which could be accepted, under Lloyd's limits, looked like being exceeded in the current year.

Mr Kenneth Grob, chairman of Alexander Howden Group, decided in mid-July to resign from the Alexander and Alexander main board, although he still remains non-executive chairman of the Howden empire until the end of the year.

Mr Grob joined the U.S. group's board in March and last week Alexander and Alexander described his resignation as a "surprise."

BASE LENDING RATES

A.B.N. Bank	12 %	Grindlays Bank	‡11½%
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
Amro Bank	12 %	■ Hambros Bank	12 %
Henry Ansbacher	12 %	Hargreave Secs. Ltd.	11½%
Arbuthnot Latham	12 %	Heritable & Gen. Trust	12 %
Associates Cap. Corp.	12 %	■ Hill Samuel	§12 %
Banco de Bilbao	12 %	C. Hoare & Co.	†12 %
BCCI	12 %	Hongkong & Shanghai	11½%
Bank Hapoalim BM	12 %	Kingsnorth Trust Ltd.	13 %
Bank of Ireland	12 %	Knowsley & Co. Ltd.	12½%
Bank Leumi (UK) plc	12 %	Lloyds Bank	11½%
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank Street Sec. Ltd.	13 %	Edward Manson & Co.	13 %
Bank of N.S.W.	12 %	Midland Bank	11½%
Banque Belge Ltd.	12 %	■ Samuel Montagu	11½%
Banque du Rhone	12½%	■ Morgan Grenfell	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	13 %	Norwich General Trust	12 %
Bremar Holdings Ltd.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	11½%	Roxburghe Guarantee	12½%
■ Brown Shipley	12 %	Slavenburg's Bank	12 %
Canada Perm't Trust	12½%	Standard Chartered	‖11½%
Castle Court Trust Ltd.	12 %	Trade Dev. Bank	12 %
Cavendish G'ty T'st Ltd.	13 %	Trustee Savings Bank	11½%
Cayzer Ltd.	12 %	TCB	12 %
Cedar Holdings	12 %	United Bank of Kuwait	11½%
■ Charterhouse Japhet	12 %	Volkskas Intl. Ltd.	12 %
Choulartons	13 %	Whiteaway Laidlaw	12½%
Citibank Savings	¶12 %	Williams & Glyn's	11½%
Clydesdale Bank	12 %	Wintrust Secs. Ltd.	11½%
C. E. Coates	13 %	Yorkshire Bank	11½%
Comm. Bk. of N. East	12 %		
Consolidated Credits	11½%		
Co-operative Bank	*12 %		
Corinthian Secs.	11½%		
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	11½%		
E.T. Trust	12 %		
Exeter Trust Ltd.	13 %		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	13 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%. 1 month 9.25%. Short term £8,000/12 month 11.6%.
† 7-day deposits on sums of: under £10,000 9%. £10,000 up to £50,000 9¼%, £50,000 and over 10¼%.
‡ Call deposits £1,000 and over 8¾%.
§ 21-day deposits over £1,000 9¼%.
‖ Demand deposits 9%.
¶ Mortgage base rate.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Aug. 8-12	International Gifts Fair (01-855 9201)	Olympia
Aug. 12-15	Wine and Beer Festival (01-778 1256)	Met Exbn Hall, Brighton
Aug. 20-30	Motor Cycle Show (01-385 1200)	Earls Court
Sept. 5-8	International Hardware Trades Fair (01-643 8040)	Olympia
Sept. 5-12	International Air Show (01-839 3231)	Farnborough
Sept. 7-10	Label, Labelling, Marking and Identification Industry Exhibition—LABELEX (01-467 7728)	NEC, Birmingham
Sept. 7-10	International Carpet Fair (021-705 6707)	Harrogate
Sept. 12-16	International Woodworking Industries Exhibition —IWIE (01-486 1951)	NEC, Birmingham
Sept. 12-15	MAB International Menswear Fair (0727 63213)	Earls Court
Sept. 14-16	Coil Winding International '82 (0202 891339)	Wembley Conference Centre
Sept. 19-21	National Bakers' Buying Fair (01-446 2411)	Barbican
Sept. 21-23	Harrogate Fashion Fair (01-637 2400)	Harrogate
Sept. 21-23	Environmental Health Exhibition and Congress (01-637 2400)	Scarborough
Sept 26-28	British Footwear Fair (01-739 2071)	Olympia
Sept 26-29	Fashion Shoes Exhibition (0462 50383)	Kensington Close Hotel
Sept 27-29	Construction Industry International Exhibition and Conference (01-242 3771)	Imperial College, London
Sept 27-Oct 1	Furnaces, Refractories, Heat Treatment and Fuel Economy Exhibition (0737 68611)	NEC, Birmingham
Sept 28-Oct 1	London Business Show (01-647 1001)	Barbican

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	Hamburg Trade Days (0202 732648) (until Aug 3)	Hamburg
Aug 11-15	International Trade Fair for Hotels, Restaurants, Catering and Food—HOTELRES (01-681 7688)	Bangkok
Aug. 18-21	Business Equipment and Computer Exhibition — COMBEX (0483 38085)	Hong Kong
Aug. 19-21	International Electronic Packaging and Production Equipment Exhibition—INTERNEPCON (0483 38085)	Singapore
Aug. 27-29	International Men's Wear and International Jeans Fair (01-730 4645)	Cologne
Aug 28-Sept 1	International Autumn Fair (01-734 0543)	Frankfurt
Aug. 30-31	Fashion Samples Fair—INTERCHIC (01-749 3061)	Berlin
Aug. 30-Sept. 2	Indro-Perfumery Exhibition (01-486 1951)	Utrecht
Sept. 4-7	Women's Ready-to-Wear Clothing Show (Paris (1) 268-08.40)	Paris
Sept 6-11	International Shipbuilding, Marine, Small Ships and Fishing Exhibition (021-705 6707)	Korea
Sept 11-16	International Public Works Congress and Equipment Show '82 (01-637 2400)	Houston
Sept 14-18	International Electrical Technology Fair—FINNTECH (01-486 1951)	Helsinki
Sept 14-19	International Exhibition for Auto, Motor Car Workshop Service Station and Garage Equipment (01-734 0543)	Frankfurt
Sept 14-22	International Autumn Fair (01-486 1951)	Zagreb
Sept 18-21	International Sports Equipment and Leisure Goods Exhibition—SPOREX—ASIA (01-681 7688)	Singapore
Sept 21-23	International Exhibition and Conference for the Pharmaceutical, Cosmetics, Toiletry and Allied Industries—INTERPHEX (021 384 3384)	New York

BUSINESS AND MANAGEMENT CONFERENCES

Aug. 23-27	Management Training Consultants: Techniques of supervisory and management training for trainers (0533 27062)	Leicester
Aug. 25	Oyez/IBC: Deep water pipeline technology (01-242 2481)	Norway
Aug. 30-Sept. 1	Management Centre Europe: Developing high performance teams (02 219 03 90)	Brussels
Aug. 31-Sept. 2	FT Conference: Aerospace enters a new era (01-621 1355)	Grosvenor House, W1
Sept 1	John Ottensooser: Tax planning — New Opportunities for the Professions (01-499 8281)	Savoy Hotel, WC2
Sept. 6-8	Frost and Sullivan: Data communications: advanced concepts and systems (01-486 8377)	Mount Royal Hotel, London
Sept 7-10	Industrial Relations Services: Law for personnel industrial relations and works managers (01-328 4751)	Royal Horseguards Hotel, Ldn
Sept 7	Centre for Extension Studies: Contingency planning for bomb, arson and kidnapping threats (0509 263171)	Loughborough
Sept 9	Oyez/IBC: The art of negotiating (01-242 2481)	Hyatt Carlton Hotel, SW1
Sept. 9-14	The Textile Institute: Textile machinery—Investing for the Future (061-834 8457)	Palace Hotel, Lucerne
Sept 13-15	Concrete Society: International symposium on concrete roads (01-235 6661)	Tara Hotel, W8
Sept 13-14	Frost and Sullivan: Understanding and using CAD/CAM (01-486 8377)	Mount Royal Hotel, W1
Sept 13-15	FT Conference: World Financial Futures (01-621 1355)	London Press Centre EC4
Sept 15	IPS: Currencies—Acquiring the Know-How (0990 23711)	Dragonara Hotel, Bristol

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

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UK NEWS—LABOUR

Issues before TUC may create militant posture by unions

BY JOHN LLOYD, LABOUR EDITOR

THE TUC Congress early next month will be marked by a series of debates of fundamental importance to the trade union movement.

The preliminary agenda for the 114th congress, to be held at Brighton, includes motions calling for:

● A withdrawal of the TUC from the National Economic Development Council, coupled with an examination of the value to the unions of other tripartite bodies.

● The overturning of proposals to restructure the TUC General Council, which would allow for automatic selection on the basis of numerical strength of unions, in favour of a revamping of the present system of election by trade group.

● Continued opposition to incomes policy imposed by any government.

These motions are likely to form the central and potentially most divisive debates at congress and will determine the TUC's position vis a vis this Government and future ones.

If left wingers manage to withdraw the TUC from the NEDC, scrap the "automaticity" proposals and underscore opposition to incomes policy—as they well might—congress will formally adopt its most militant oppositionist posture to the Government than at any time since World War II.

Opposition to an incomes policy and support for free collective bargaining expressed in a motion from the construction section of the Amalgamated Union of Engineering Workers is likely to be expressed in debate on the TUC-Labour Party liaison committee's document on Planning and Industrial Democracy.

Some view the document as containing, in its plan for a national economic assessment, a covert curb on wages.

The issue of public sector pay and of co-ordinated action in the public sector arises in a motion from the Society of Civil and Public Servants. The society rejects cash limits, welcomes the closer working between unions, especially the health unions and calls for a "common basis of claim for public service workers" as well as "co-ordinated industrial action in support of a common claim."

The General and Municipal Workers' Union is calling for a further review of trade union and TUC finances "with a view to maximising our limited resources," and the Transport and General Workers' Union is *demanding a state pension of* not less than half the gross male earnings for a single person.

An echo of the Falklands conflict is heard in a motion from the Furniture Trades' Union, which says that "it is immoral and indefensible . . . for a single life to be lost in any senseless military campaign" and calls for all issues to be settled through the United Nations.

The Electrical and Plumbing Trades' Union seeks to reverse congress policy laid down last year to withdraw from Europe by urging consultation with "trade union colleagues in Europe before any final decision is made."

One of the most hotly *contested groups in elections for* the general council is that for the five women's seats, for which 12 candidates are standing.

Long-time challengers for the council will again include Mr Roy Grantham, general secretary of the white-collar union APEX; Mr Bryan Stanley, general secretary of the Post Office Engineering Union; and Mr John Lyons, general secretary of the Engineers and Managers' Association.

Engineering pay talks look tough

By John Lloyd

ENGINEERING employers will take the tough line on pay which was urged last week by the CBI when negotiations on national minimum rates for nearly 2m engineering workers start in the autumn.

The Confederation of Shipbuilding and Engineering Workers will finalise its wage claim at an executive meeting later this week. The claim will be based on a vote at the CSEU's *conference* last month for a "substantial rise." A figure of 10 per cent was mentioned by Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers.

The Engineering Employers Federation, however, will tell the unions that prospects in the industry remain depressed, as last year. *Low pay* settlements are required if the slight upturn in productivity and hoped-for new orders are not to be dissipated.

The federation is continuing to press the Government for employment legislation embodying a lay-off clause. This would allow employers to terminate contracts with one week's notice if prohibited from continuing production by industrial action elsewhere.

Union to fight banks' move on abandoning arbitration

BY JOHN LLOYD

THE MAIN banking union is squaring up for a fight with Britain's two leading international banks over the right to refer a dispute on wages and conditions to arbitration.

Barclays Bank International and Standard Chartered have both given formal notice to the Banking Insurance and Finance Union that they intend to withdraw from an agreement which gives either side unilateral access to arbitration by the end of the year.

The union, which has 4,500 of BBI's 7,000 staff and 1,400 of Standard's 2,600 staff, is to fight the move and is prepared to take industrial action if necessary.

Standard's notice period expires in October and Barclays' in December.

Mr Steve Gamble, the union's assistant secretary, said yesterday that if it allowed these two agreements to be terminated the 35 other similar agreements in international banks would be at risk.

"In the current climate, union bashing may be a popular sport but these banks' proposals have turned our members into militant moderates.

"I cannot believe that their customers and shareholders would approve of the managements looking for confrontation with the union which will affect their business and profits."

Barclays said last night that its intention to end the agreement was based on its strategy of forging closer links between BBI and the domestic Barclays Bank, where a similar procedure agreement is not in force.

With greater interchangeability between the two sections for staff, the agreement was no longer appropriate.

Mr Gamble said both banks wished to end the agreements because they felt they had lost out in arbitrations in recent years.

LEGAL NOTICES

NOTICE OF MEETING OF CREDITORS
S. WHEATLEY (TEXTILES) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act, 1948 that a meeting of the Creditors of the above-named Company will be held at 16A St. James's Street, London SW1A 1ER, on Tuesday, the Tenth day of August 1982, at 2 o'clock in the afternoon, for the purpose of having a full statement of the position of the Company's affairs, together with a List of the Creditors of the Company and the estimated amount of their claims, laid before them, and for the purpose, if thought fit, of nominating a Liquidator and of appointing a Committee of Inspection.

NOTICE is also given that, for the purpose of voting, Secured Creditors must (unless they surrender their security), lodge at the Registered Office of the Company at 109 Gloucester Place, London W1H 3PH, before the Meeting a Statement giving particulars of their security, the date when it was given, and the value at which it is assessed.

Dated this 28th day of July 1982.
By Order of the Board of Directors.
S. R. WHEATLEY,
Director.

IN THE MATTER OF
GATCELL LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at The Cora Hotel, Upper Wobourn Place, London WC1 on Wednesday, the 18th day of August 1982, at 10 o'clock in the forenoon, for the purposes mentioned in Sections 293, 294 and 295 of the said Act.

Dated this 28th day of July, 1982.
By Order of the Board,
C. JONES, Secretary.

IN THE MATTER OF
CUTEHOME LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at 2nd Floor, Eagle Star House, 28-36 Carver Street, Sheffield, S1 4FS on Monday, the 2nd day of August 1982, at 10.30 o'clock in the forenoon, for the purposes mentioned in Sections 293, 294 and 295 of the said Act.

Dated this 9th day of July, 1982.
By Order of the Board.
M. BRIERLEY, Secretary.

IN THE MATTER OF
WESTLOW PROPERTIES LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act, 1948 that a Meeting of the Creditors of the above-named Company will be held at The Cora Hotel, Upper Woburn Place, London WC1 on Wednesday, the 18th day of August 1982, at 10.15 o'clock in the forenoon, for the purposes mentioned in Sections 293, 294 and 295 of the said Act.

Dated this 26th day of July, 1982.
By Order of the Board,
C. JONES, Secretary.

IN THE MATTER OF
PIMLEY MEASURES LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at The Cora Hotel, Upper Woburn Place, London WC1 on Wednesday, the 18th day of August 1982, at 3.30 o'clock in the afternoon, for the purposes mentioned in Sections 293, 294 and 295 of the said Act.

Dated this 26th day of July, 1982.
By Order of the Board.
B. M. HUSENFUS, *Secretary.*

IN THE MATTER OF
ALAN J. PETERS ORCHESTRAS
LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at The Cora Hotel, Upper Wobourn Place, London WC1 on Wednesday, the 18th day of August 1982, at 10.30 o'clock in the forenoon, for the purposes mentioned in Sections 293, 294 and 295 of the said Act.

Dated this 26th day of July, 1982.
By Order of the Board.
C. JONES, Secretary.

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THE WEEK IN THE COURTS

Protection for Sikhs and others

NOBODY has ever suggested that the turban is a symbol of stubborn resistance to enlightenment or a symptom of incurable mental backwardness. Yet educationalists may wonder to what extent in this country the wearing of a turban is an insuperable obstacle to the attainment of such qualities of character, knowledge and understanding as a good school is intended to encourage and promote.

In 1978, the headmaster of a school in Birmingham rejected a prospective pupil who would have broken a school rule about uniform by wearing a turban. The headmaster wanted the boy's hair to be cut and turban removed; he felt that a turban accentuated religious and social distinctions which he wished to minimise. The boy's father would not consent. Father and son were Sikhs; the cutting of hair and the removal of the turban would each have contravened requirements of the Sikh community's religion.

Father, who was a solicitor, and son, with the assistance of the Commission for Racial Equality, brought proceedings against the headmaster and the proprietors of the school for a declaration that the headmaster and the school were guilty of unlawful discrimination, contrary to the Race Relations Act, 1976. On December 16, 1980, a circuit judge, at the county court, dismissed the claim. Last Thursday, in *Mandla v Dowell-Lee*, the Court of Appeal upheld the judge's decision and vindicated the headmaster.

Lord Denning said that the headmaster had not discriminated against the Sikhs, was not unfair or unreasonable, and had not been at fault in any way.

Not only Lord Denning, but his colleagues, Lord Justice Oliver and Lord Justice Kerr, ruled that members of the Sikh community were in any event not entitled to any legal protection under, or from, the provisions of the 1976 Act.

Taking its title to be a reliable guide, one might believe the Act was intended "to make fresh provision with respect to discrimination on racial grounds and relations between people of different racial groups."

The expression "racial grounds" is defined in Section 3 of the Act as meaning, unless the context otherwise requires, "any of the following grounds, namely colour, race, nationality or ethnic or national origins." The expression "racial group" is defined in the same section of the Act as meaning, unless the context otherwise requires, "a group of persons defined by reference to colour, race, nationality or ethnic or national origins."

The word "ethnic" is not defined in the Act but is derived from a classical Greek word with a wider meaning than "racial." Homer used it to describe a number of people living together, a company or body of men and, on occasions, a herd, swarm or flock of animals. Classical Greek authors used it later to describe tribes or nations. The word "ethnarch" came to be used to describe a ruler of a tribe or nation.

Lord Denning's decision to treat the word "ethnic" as entirely synonymous with "racial" offends not only against etymology, but also treats the definition section of the 1976 Act as an exercise in tautology.

Having attributed the restricted meaning to the word "ethnic," all judges responsible for decisions in this case, whether at the county court or in the Court of Appeal, ruled, on the evidence produced in the proceedings, that Sikhs were members not of a race but merely of a religion.

Many years ago, a distinguished divisional judge in the Punjab, an area noted for Sikhs and sikhism, thought otherwise. He gave two lectures to the United Service Institution of India, on The Sikh Religion and its Advantages to the State and "*How the Sikhs Became a Militant Race.*" He wrote articles on Sikhs and sikhism for the Encyclopaedia Britannica. Was he so close to realities as to be out of touch with reality?

In more recent times, Dr Percival Spear, a specialist in Indian history, has written that the Sikhs "transmuted from religious quietism to militant gospelling to achieve statehood and something like nationhood." What more does a community have to do to achieve the status of protection under the 1976 Act?

People used to debate whether racial discrimination, like pornography, was an appropriate area *for the intervention of* the law. Nobody advocates abolition of the law of murder because the instinct to kill will never be extinguished, or the law of theft because somebody in a fit of greed will always want to get *something for nothing*, or the law of rape because sexual urges will continue to remain uncontrollable. The arguments for abolition of all statutory or legal bans on racial discrimination have a similar flavour. Opponents of *this form of legis*lation should look carefully at Hitler's Germany or Verwoerd's South Africa. If, as happened in those countries, legislation could be enacted in furtherance of racial discrimination, why cannot, and should not, legislation be passed in this country for the opposite—and the worthier—purpose?

In that event, does not the Sikh community deserve legal protection against unjust discrimination as much as any other community in our multiracial society? So long as the Court of Appeal's decision is regarded as representative of the law, the Sikh community is entitled to complain about the law's loopholes and injustices.

It seems inconceivable that *anyone who has legislated* against racial discrimination would have wished to exclude the Sikh community from the benefits and scope of this legislation.

In Lord Denning's firm opinion, the phrase "ethnic origin" appeared in the 1976 Act so as to ensure protection against racial discriminations for members of the Jewish community. But no case has yet come before the Court of Appeal or House of Lords in which this important issue has been decided. Nobody need feel confident that, on its present text as interpreted in the courts, Jews are protected, and anti-semitism outlawed, under the 1976 Act.

There is an urgent need for either a wider interpretation by the courts of the definition of "racial group" in the 1976 Act or for further legislation to extend the protection and provisions of the Act *in clear*, unmistakable terms to all communities and individuals likely to be victims of unjust discrimination. The problem must not be shirked.

The Court of Appeal condemned the Commission for Racial Equality for its support of the proceedings against the headmaster. Whether or not this condemnation is justified, it provides no excuse to repeal the legislation against racial discrimination, or for turning the Commission into a toothless tiger.

Investigations into social wrongs should not be conducted oppressively. This does not mean that they should not be conducted at all.

Justinian

RACING

BY DOMINIC WIGAN

THE LONG, dry spell of the last couple of weeks or so in some areas is now causing a severe shortage of runners at flat and jumping meetings alike, and despite watering, which could soon be restricted by water authorities, a good many courses are bound to suffer.

This afternoon's principal meeting, Ripon, sees just five lining up for the valuable Horn Blower Stakes; while only six of the 22 in the Tommy Shedden Challenge Trophy before the *final declaration stage* have stood their ground.

That good-looking The Minstrel filly, Shicklah, whose limitations were exposed in the Queen Mary Stakes at Royal Ascot, was a major disappointment in the Cherry Hinton Stakes last time out, and although it would be good to see her land the Horn Blower Stakes for her enthusiastic owner Hamdan Al-Maktoum, I doubt her obliging.

A better bet for this £5,000 event over the minimum trip is probably the ever-improving Jonacris. Since going down to Escart Bay in a muddling race for Beverley's Tarmac Topmix Stakes back in June, Jonacris *has gone from strength to* strength. The comfortable winner of a nursery at Leicester soon afterwards, the four-times winner then completed a double when defying 9 st 5 lb at Warwick.

Turning to this afternoon's other flat meeting—Folkestone—where surprisingly, the card opens and closes with a respectably-sized field—Love Me Do looks a good bet to beat 10 opponents in the Wakefield Fillies Handicap.

If she had not run very wide on the home turn at Brighton last month, Mark Smyly's filly would have beaten Tiger Trap by a wide margin. As it was she did well to hold on from *that useful opponent*.

A total of 33 of Britain's 59 racecourses are to benefit from the Horse Race Betting Levy Board's 1982-83 capital fund, it has been announced by Lord Plummer. Altogether, £806,430 is to be made available as interest-free loans for a wide variety of projects.

RIPON

3.00—Lion City**
3.30—Four For Music
4.00—Jonacris*
4.30—Fascadale
5.00—Steel Glow

FOLKESTONE

2.15—Hoodwink
4.15—Love Me Do***

TELEVISION

Tonight's Choice

It is a sign of the times that Jane, the Daily Mirror strip girl who gave me the naughtiest moments of my youth, should now be the acceptable face (and body) of nostalgia. And how British that the original model should be called Christabel Leighton-Porter. BBC-2 is recreating the adventures of the girl who kept the troops' peckers up during the War in a series that runs nightly and has actors performing against drawn backgrounds to preserve the spirit of the original.

Earlier on the same channel Paul Eddington reads a P. G. Wodehouse story which can't be bad, while at 6.50 on BBC-1 a new series takes modern comics back to their roots. Les Dawson has made his fortune out of Lancashire mothers-in-law and what is described as an "amiable amble" should give him the chance for some more digs.

Panorama is taking another look at Test Tube babies and this is followed by a screen adaptation of Len Deighton's Spy Story. Written when he was our top literary spyster this should offer a frisson or two.

The A. J. Wentworth series on ITV gets expelled from the schedule in favour of an hour-long World In Action which was being kept under wraps until the last possible moment.

ANTONY THORNCROFT

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.20 Cheggers Plays Pop starring Keith Chegwin. 9.45 Jackanory. 10.00 Paddington. 10.05-10.30 Why Don't You . . . ? 1.05 pm News After Noon. 1.35-1.50 Postman Pat. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Heyyy, It's the King. 4.55 Newsround. 5.05 Ticket to Ride. 5.35 The Perishers.

5.40 News.
6.00 Regional News Magazines.
6.25 Best of the West starring Joel Higgins.
6.50 Comic Roots: Four films in which comic stars dig up the roots of their humour 1: Les Dawson's Lancs.
7.25 Doctor Who and the Monsters.
8.10 Panorama: Experimenting with Life.
9.00 News.
9.25 The Monday Film: "Spy Story" starring Michael Petrovich and Philip Latham.
11.05 News Headlines.
11.10 B.A. in Music: B. A. Robinson introduces his late-night show.
11.45 Taking the Strain: Series of programmes in which Noel Edmonds investigates stress.

BBC 2

6.40-7.55 am Open University.
10.30-10.55 Play School.
6.25 Warren Beatty in conversation with Iain Johnston.
6.55 Six Fifty-five Special.
7.25 News Summary.
7.30 Welcome to Wodehouse.
7.45 Best of Brass.
8.20 The Paul Daniels Magic Show.
9.00 Jane.
9.10 Sing Country.
10.00 Third Eye.
10.50 Newsnight.

LONDON

9.30 am Sport Billy. 9.50 The Mystery of the Azetecs. 10.45 Crazy World of Sport. 11.10 Little House on the Prairie. 12.00 Cockleshell Bay. 12.10 pm Rainbow. 12.30 Under Fives. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Van der Valk. 2.30 Monday Matinee: "Jean Kent, Albert Lieven and Derrick de Marney in "Sleeping Car to Trieste." 4.15 Dr Snuggles. 4.20 Ragdolly Anna. 4.30 Rowan's Report. 4.45 Watch All Night. 5.15 Diff'rent Strokes. 5.45 Conrad Bain in "The Magician."

5.45 News.
6.00 Thames News with Rita Carter and Colin Baker.
6.25 Help!: Community action with Viv Taylor Gee.
6.35 Crossroads.
7.00 The Krypton Factor.
7.30 Coronation Street.
8.00 World in Action.
9.00 Quincy.
10.00 News.
10.30 "The Burglars" starring Omar Shariff and Jean-Paul Belmondo.
12.30 am Close: Sit Up and Listen with Lord Willis.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

9.35 am European Folk Tales. 9.45 The Adventures of Niko. 10.15 The Galway Way. 11.10 North Sea Saga. 11.50 Captain Nemo. 1.20 Anglia News. 2.30 Monday Film Matinee: "A Walk in the Spring Rain," starring Anthony Quinn and Ingrid Bergman. 5.00 About Anglia. 6.30 Benson. 9.00 Minder. 10.30 Indoor Bowls. 11.15 Thriller. 12.40 am Reflection.

BORDER

9.30 am History of the Motor Car. 9.55 Vicky the Viking. 10.15 Untamed World. 10.40 The Flying Kiwi. 11.00 Sesame Street. 1.20 pm Border News. 2.30 Film: "Doctor at Sea," starring Dirk Bogarde and Brigitte Bardot. 5.15 Private Benjamin. 6.00 Lookaround Monday. 6.15 Campaign Gallipoli 1915. 6.30 Try for Ten. 10.30 Thriller. 11.50 Border News Summary.

CENTRAL

9.45 am The Galway Way. 10.45 Beyond Westworld. 11.35 Stingray. 1.20 pm Central News. 2.30 The Monday Screen Matinee: "True as a Turtle," starring John Gregson. 5.15 Survival. 6.00 Central News. 9.00 Minder. 10.30 Contrasts. 11.00 Central News. 11.05 Lou Grant. 12.05 am Come Close.

GRAMPIAN

9.30 am First Thing. 9.35 Sesame Street. 10.35 Morning Matinee: "Carry on Cabby," starring Sidney James, Hattie Jacques and Kenneth Connor. 1.20 pm North News. 5.15 Survival. 6.00 Summer at Six. 6.30 Pro-Celebrity Angling. 9.00 Minder. 10.30 Monday Movie: "Fragment of Fear," starring David Hemmings and Gayle Hunnicutt.

GRANADA

9.30 am The History of the Motor Car. 9.50 Sport Billy. 10.15 Untamed World. 10.35 The Flying Kiwi. 11.00 Sesame Street. 1.20 pm Granada Reports. 1.30 Exchange Flags Promenades. 2.00 About Britain. 2.30 Monday Matinee: Alec Guinness in "The Card." 5.15 The Two of Us. 6.00 Private Benjamin. 6.30 Granada Reports News. 6.35 The Summer Show. 9.00 Strangers. 10.30 Thriller. 11.50 Superstar Profile.

HTV

9.50 am 3-2-1 Contact. 10.20 Kum Kum. 10.40 Clapperboard. 11.05 Vicky the Viking—the Winged Messenger. 11.30 The Greatest Thinkers (Pavlov). 1.20 HTV News. 2.30 Monday Matinee: "The Iron Maiden." 4.15 Warner Brothers Cartoon. 5.15 Mr. Merlin. 6.00 HTV News. 9.00 Minder. 10.28 HTV News. 10.30 Soap. 11.00 Police Story.

HTV Cymru/Wales—As HTV West except: 11.05-11.30 am Bailey's Bird. 12.00-12.10 pm Dacw Mam Yn Dwad. 4.20 On Safari. 4.45-5.15 Goglis. 6.00 Y Dydd. 6.30-7.00 Report Wales. 11.00 Noswaith Roc Sêr. 12.00-12.30 am The Medicine Men.

SCOTTISH

10.00 am Target the Impossible. 10.25 Portrait of a Village. 10.50 The Amazing Years of Cinema. 11.15 Adventures of Parsley. 11.20 Brass in Concert. 1.20 pm Scottish News. 2.30 Action and Adventure: "Soldier of Fortune." 6.00 Scotland Today. 6.40 Crime Desk. 9.00 Minder. 10.30 Late Call.

TSW

9.35 am Sesame Street. 10.35 Story Hour. 11.25 Untamed World. 11.50 European Folk Tales. 1.20 pm TSW News Headlines. 2.30 pm "Wild and Woolly" (TV Movie). 4.12 Gus Honeybun's Magic Birthdays. 5.15 Here's Boomer. 6.00 Today South West. 6.30 Happy Days. 9.00 Lou Grant. 10.32 TSW Late News. 10.35 Postscript. 10.40 Thriller. 12.00 South West Weather.

TVS

9.30 am 3-2-1 Contact. 10.00 Friends of My Friends. 10.25 Tarzan. 11.15 The Reel World. 11.45 Larry the Lamb.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Hands. 9.55 Golfing Greats. 10.20 Cartoon Time. 10.30 Bygones. 11.00 Sesame Street. 1.20 North East News and Lookaround. 2.30 Monday Matinee: "The History of Mr. Polly," starring John Mills and Meg Jenkins. 5.15 The New Fred and Barney Show. 6.00 North East News. 6.02 Gambit. 6.30 Northern Life. 9.00 Minder. 10.30 North East News. 10.32 Thriller. 12.00 It's a Blessing.

ULSTER

1.20 pm TVS News. 12.30 Monday Matinee: "The Naked Truth," starring Peter Sellers, Terry Thomas and Peggy Mount. 5.15 The Adventures of Black Beauty. 6.00 Coast to Coast. 6.30 Over the Garden Wall. 9.00 Minder. 10.30 Hill Street Blues. 11.30 The Jazz Series: Ronnie Scott and his Quartet are joined by guests Georgie Fame and the Blue Flames. 12.00 Company.

YORKSHIRE

9.30 am Sesame Street. 10.30 Jason of Star Command. 10.55 World We Live In. 11.20 Rocket Robin Hood. 11.40 High Country Children of New Zealand. 11.55 The Bubblies. 1.20 pm Calendar News. 2.30 Monday Matinee: "The Blue Lagoon," starring Jean Simmons and Donald Houston. 5.15 The Two Of Us. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Happy Days. 9.00 Minder. 10.30 Brass in Concert. 11.15 Journey to the Unknown.

RADIO

(S) Stereo broadcast (when on vhf)

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Steve Wright. 12.30 pm Newsbeat. 12.45 Dave Lee Travis. 2.00 Paul Burnett. 4.30 Peter Powell. 7.00 Stayin' Alive. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Don Durbridge (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News, Sport. 6.00 John Dunn (S). 8.00 Folk On 2 (S). 9.00 Humphrey Lyttelton with the Best of Jazz (S). 9.55 Sports Desk. 10.00 The Law Game. 10.30 Star Sound. 11.00 Brian Matthew presents Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00-5.00 You And The Night And The Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (cont.). 9.00 News. 9.05 This Week's Composer: Bach (S). 10.00 BBC Northern Symphony Orchestra (S). 10.55 Beethoven chamber music recital (S). 11.25 John Field Piano Concertos (S). 1.00 pm News. 1.05 Amadeus Quartet (S). 2.00 Matinee Musicale (S). 2.55 New Records (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Music for Organ (S). 7.00 Proms 82 from the Royal Albert Hall, part 1: Beethoven (S). 7.40 A Closer Look (Matthew Arnold). 8.00 Proms, part 2: Nigel Osborne, Stravinsky (S). 9.00 World of Paper by Luigi Pirandello. 9.30 Proms 82 from Holy Trinity Church, Brompton (S). 10.45 Jazz in Britain (S). 11.15-11.18 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today. 8.35 The Week on 4. 8.43 Hurrying Tales. 8.57 Weather; travel. 9.00 News. 9.05 Start the Week with Richard Baker (S). 10.00 News. 10.02 A Small Country Living. 10.30 Daily Service. 10.45 On Holiday. 11.00 News. 11.03 Down Your Way. 11.48 Ad Hoc Cookery. 12.00 News. 12.02 pm You and Yours. 12.27 What Hol Jeeves! 12.55 Weather; travel; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.30 What Shall We Tell The Children? 4.40 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 Just a A Minute (S). 7.00 News. 7.05 The Archers. 7.20 Start the Week with Richard Baker (S). 8.00 The Monday Play (S). 9.30 Kaleidoscope: Australia—A Literary Landscape? 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Music At Night. 12.00 News.

BUILDING AND CIVIL ENGINEERING

New proposals for building regulations

FURTHER DETAILS of the Government's controversial plans to introduce a new system of monitoring and administering building control regulations, using private certifiers, are contained in a consultative paper published by the Environment Department.

The proposals would give a developer a free hand to choose whether building regulations, applying to a particular scheme, should be administered by the local authority or by an approved certifier, drawn from the private sector. Certifiers could include architects, engineers and surveyors, says the department.

The latest proposals, although in greater detail than those contained in a previous consultative paper, *still do not fully clarify* the position of any possible private certifiers with regard to indemnity insurance against claims for negligence.

A series of court cases, including the celebrated Anns v. Merton, would appear to leave certifiers—whether from the public or the private sector—*in the position of having* to accept indefinite liability. Claims for damages against individuals or their firms could therefore be made years after building work was completed.

The extra cost of insurance premiums to cover this liability would appear to be a not insignificant obstacle to the proposals getting under way. The Environment Department recognises this problem, and says that the whole question of the law of liability, including how it affects constructon, is currently under *review by the Law Reform* Committee.

The Department, however, says it would expect certifiers to carry indemnity insurance either for themselves individually, or to cover claims for damages against specific buildings with which they have been involved.

The paper stresses that special arrangements may have to be made for low rise housing—"the Government would need to be assured that oinsurance arrangements were so designed as to offer first, and subsequent, owners the best prospect that cover would be available in *future years," says the Department.*

The Department says that any private certifier must be "independent of persons or firms responsible for the design or construction of the building he is certifying." Certifiers would also be expected to have the necessary professional qualifications and practical experience to carry out the job. Certifiers might even be expected to pass an examination on building control matters.

In some cases, for limited categories of work, such as housing up to three storeys, membership of an appropriate professional institution might be sufficient qualification to become a certifier, according to the consultative paper.

For more complex buildings some form of individual vetting of certifiers would be required, *possibly under the auspices of* a new board to be run jointly by professional bodies.

More controversially, the paper suggests that there may be a case to allow self-certification in certain limited areas of building work.

The Department also proposes *to make it an offence to* "knowingly or recklessly give a certificate which is false or misleading in a material particular." The maximum penalty would be a fine or two years imprisonment.

The re-emergence of these proposals seems likely to spark *off a new round of protest from* local authorities which have inevitably raised the prospect of possible conflicts of interest arising at firms, which may now become involved with monitoring building controls, and which already have a professional relationship with the construction industry.

These and other difficulties may, still, have to be resolved before the private sector can become genuinely involved in a field which is currently the exclusive preserve of the public sector.

ANDREW TAYLOR

Sales upturn poses questions

GOVERNMENT statistics show that deliveries of cement and bricks in Great Britain during the second quarter of 1982 were the highest for almost two years. The figures would appear to indicate that a slight upturn in construction activity may be under way but industry leaders are adamant that this is not happening.

London Brick, the country's largest brick producer and Blue Circle, Britain's biggest cement manufacturer, agree that there is very little sign of a recovery in construction industry workloads as a whole.

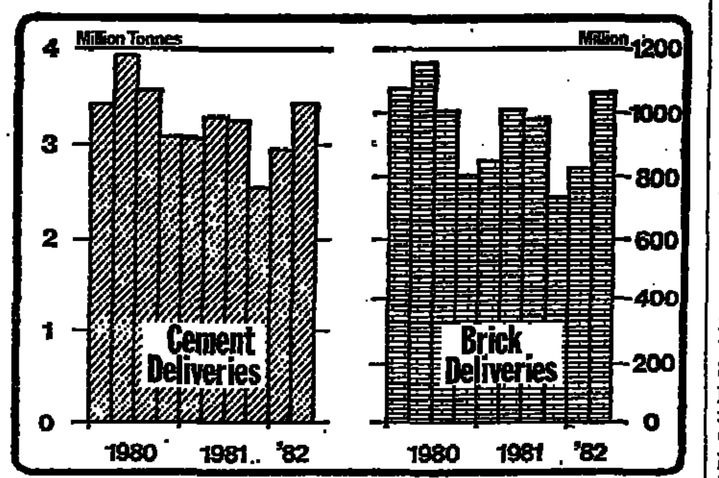
London Brick which controls more than 40 per cent of the UK brick market, says that the industry is currently on a plateau with workloads and order books still at very low levels.

Mr Derrick Venn, deputy managing director of London Brick Products, says: "The improvement in the second quarter was partly a reaction to the low level of brick deliveries in the previous three months when sales were hit by bad winter weather.

"If a genuine recovery were under way we would expect to maintain the level of improvement achieved in the second quarter of this year—but early indications in July are that this is not happening.

"The industry is presently forecasting brick deliveries of around 3.7bn in 1982 which, although slightly better than the 3.5bn deliveries in 1981, would still be the second worst year on record," said Mr Venn.

Blue Circle, which controls around 56 per cent of the UK cement market, said that the improvement in second quarter cement deliveries had not been reflected in every region of the country.



"As a company, we have done particularly well in Northern Ireland, as a result of an upturn in private housing and particularly because of EEC grants which have recently been made available for the improvement of farm roads. Cement sales of 292,000 tonnes in Northern Ireland during the first half of this year were 27 per cent above forecast," said a Blue Circle spokesman.

"Sales have also been better than expected in the West Midlands, reflecting construction work being carried out on the M54 and also at Birmingham airport. Elsewhere, in Scotland, and parts of the West Country, sales have been below forecast."

Blue Circle also reported an upturn in sales of bagged cement. This might be explained by the higher level of private housing starts in the first half of the year and also by higher demand for cement for small building works such as house improvements.

Blue Circle said: "If there is an upturn in activity then it seems likely to be only very slight and will not compensate for the sharp drop in workloads that has occurred during the past five years."

The company is currently assessing the effects of this month's rail strike but says it is too early to say whether this will depress third quarter figures for cement deliveries.

A.T.

Crane hirers struggling

THE PRESENT economic unviability of most crane hire operators is highlighted in the second **Machine Viability Review** published by the Construction Plant-hire Association (01-730 7117).

It is evident that, over the *two-year period reviewed, not* only must the majority of hire firms have been unable to fund the eventual replacement of their cranes out of hire revenue but there must be considerable doubt as to whether even running costs were being fully covered in some cases.

In a letter sent to all CPA member firms, the chairman of the CPA council Mr R. G. Stuart and the Association's president Mr W. F. Moore call for ". . . very substantial increases in hire revenue— and primarily by way of substantial improvements in hire rates."

Cranes, among the most expensive types of equipment available to hire from the construction plant-hire industry, are relatively sophisticated machines with high capital values, requiring costly and comprehensive maintenance schedules.

The Association emphasises that it is important that the real total current costs of owning, operating and eventually replacing cranes, is fully recognised, both by hire firms and by their clients.

The Review refers to the common practice of quoting "inclusive" hire rates—including the virtually inescapable and rising costs of the driver and of consumables—which has squeezed the residual component of the hire rate then left over for covering the machine itself. If this practice continues, it may have serious implications for the continued direct employment of crane drivers and for a trend towards "machine-only" hiring, says the Association.

In the 24 page Review trends in "real unit costs," "actual hire rates" and "activity levels" for the four types of cranes covered—"low headroom" mobile telescopic six ton, lorry-mounted telescopic 25 ton and 40/45 ton and the 40 ton crawler—are considered and commented upon individually and their trends, over the two year period (Q2/1980 to Q1/1982) of the **Viability Review**, are displayed in the machine analysis sheets.

Go-ahead for new prison

THE GO-AHEAD for a prison and courts complex to be built on the Woolwich Arsenal site in London, has been given by the Environment Secretary, Mr Michael Heseltine.

Ideas wanted for GLC site

THE GREATER London Council industry and employment committee is to ask developers for ideas for one of the largest potential industrial sites in Inner London owned by the Council.

The Wandsworth Gas Works site, at the foot of Wandsworth Bridge, has over ten acres available for industrial development. A long-leasehold interest will be offered to property developers.

Mr Michael Ward, chairman of the committee, said: "What we want to see on this important site is the sort of industrial development that means jobs for Londoners. We want to see an element of small factory and workshop space but would also be interested in major industrial operations. We shall try to make sure that these are let for job-creating industries."

An added attraction will be a riverside walk for which there will be specific requirements in the design brief.

Problems on the site because of soil contamination will be helped by new arrangements with the Department of the Environment on reclamation under Derelict Land Grant.

UK CONTRACTS

A NEW pharmaceutical centre being undertaken by **KYLE STEWART** for Merck, Sharp and Dohme will cost £14.5m.

This will be located at Terlings Park in Harlow, Essex, where it will take about 22 months to build with work starting on the project this month.

The total floor area is 12,750 square metres and will provide accommodation for some 200 employees. Facilities will include laboratories, offices, library and cafeteria.

Architect for the project is Sheppard Robson, and the structural and mechanical engineers are Ove Arup and Partners.

*

MARPLES RIDGWAY BUILDING (a subsidiary of the Bath & Portland Group) will construct the new General Hospital at Weston-super-Mare to a value of £12m for the South Western Regional Health Authority.

Work covers the erection of a 252 bed hospital together with associated external works, drainage and services. The floor area including roof plant rooms is about 22,000 sq metres.

*

An £6m building contract has been signed with **COSTAIN CONSTRUCTION** for the Crown Estate Commissioners' new development at 111-125, Oxford Street and 172-186, Wardour Street, W1. Capital and Counties is project and construction manager.

To be built behind the existing Oxford Street facade, and to incorporate a new building in Wardour Street, the development will provide 28,000 sq ft of new ground floor and basement shopping, 53,000 sq ft of air-conditioned offices built around a landscaped garden courtyard, seven residential flats and parking for 11 cars. It will be ready for occupation in just over 18 months.

*

RUSH AND TOMPKINS has been awarded new contracts totalling £8.1m, the largest of which is for a £4.5m bus garage for London Transport Executive. Work begins on site, off Station Road, Edgware, on August 2 and is due for completion by 1984. The project features sheet piling to the embankment of part of the Northern Line bordering the site and will eventually form part of a new approach road.

*

WORK ON a further section of the Ipswich by-pass will soon be under way, says the Department of Transport which awarded the £3.1m contract for the eastern section to **ROADWORKS (1952)**.

This section will have dual two-lane carriageways and will extend from the Seven Hills interchange on the southern section to the A12 at Martlesham Heath.

*

TWO CONTRACTS with a combined value of £1.3m have been won by **SHEPHERD CONSTRUCTION**. One worth over £840,000 is for extensions and alterations to Boston College of Further Education for Lincolnshire County Council, while the other at £½m involves the modernisation of two barrack blocks at Rapier Barracks, Kirton, in Lindsey for the PSA.

*

A FORMER tram shed in Southcote Road, Bournemouth, will be converted into a modern depot under a contract worth nearly £1m awarded to **TAYLOR WOODROW**, by Dorset County Council.

OVERSEAS CONTRACTS

CONTRACTS FOR the study and design of sewerage and sewage treatment facilities for the villages of Mazyad, Umm Ghafah and Shi Selimat on the outskirts of Al Ain in the United Arab Emirates have been awarded to **BALFOURS**, UK consulting engineers. The combined design population is about 16,000 and the treated effluent from two villages will be used for irrigation of roadside vegetation. Design work has started and capital works are estimated at about 75m dirhams (£11.7m). The contracts are with the Al Ain Sewerage Projects Committee, Government of Abu Dhabi.

*

R. E. ROBERTSON (UK) has orders worth £3m for its building cladding products from the Middle East, Pakistan and North Africa. The company will be providing building systems worth £2.6m for a number of new projects being undertaken by the Iraq Government, including a hospital and administrative buildings. A contract valued at £1.1m is for the provision of composite cladding panels to a major petrochemical complex in Saudi Arabia. Other contracts include the Iscast foundry in Iraq (£330,000) the Pipri power station in Karachi (£200,000), cold stores at Dubai (£130,000), the Burri power station at Khartoum (£130,000), Jeddah Airport extension (£125,000), Riyadh water system (£120,000), and supermarkets for Gosa in Libya (£115,000).

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Hostile bids 'undermine the ability to plan'

Leo Herzl and **John R. Schmidt** assess the economic implications of a new phenomenon to hit the U.S. corporate scene

HOSTILE tender offers have suddenly become respectable in corporate America. Until very recently a company that made a hostile bid for another corporation without the other management's approval was commonly called a "raider." The few companies that made such hostile bids were typically outside the corporate mainstream and had obscure names like Solitron. Some leading investment bankers and law firms refused as a matter of policy to participate in such unseemly activity.

Today, such blue-chip companies as Mobil, Illinois Central and Seagram are making hostile takeover bids; their investment bankers have names like Morgan Stanley and First Boston; and their lawyers are likely to be pillars of the corporate bar. And far from being pejoratively characterised as raiders, such acquiring companies have been getting an increasingly good Press and public reaction as participants in a market process which serves the overall interests of stockholders and society.

This change in attitude is in part a reflection of academic empirical studies and theoretical commentary on tender offers. A number of writers associated with leading business schools and law schools, have persuasively argued the case for the economic benefits they induce.

Premium price for stock

The theoretical foundations of these arguments are based mainly on further refinements of classical economics. An acquiror's willingness to pay a premium price for a company's stock (that is, a price over the current market value) is said to reflect the likelihood that the acquiror can increase profits of the acquired company by better management or by achieving economies of scale or bringing financial strength or other advantages to the combination.

Permitting a shift in corporate control to persons who demonstrate, by a willingness to pay a premium price, a potential ability to increase profitability, in turn benefits the entire economy. A recent Harvard Law Review article summarises these arguments and proceeds on the basis of an "assumption that takeovers by and large increase social welfare."

Spirited arguments are still going on over the desirability of managerial resistance to takeovers. The purest advocates of takeovers would prohibit all forms of resistance and let market forces take their course. By increasing the chance of success for any premium offer the number of tender offers would increase and so would the market prices of potential targets. Others argue that various forms of resistance may serve the useful function of obtaining a better allocation of economic resources by evoking competing bids at higher prices or delaying any sale until a more opportune time.

But these arguments over the benefits of resistance do not question whether tender offers are a good thing. On that fundamental point the proponents of tender offers appear, quite recently but decisively, to have carried the day.

The significance of the conclusion that tender offers are generally a good thing can hardly be overstated. The issue goes to the basic structure of our management of economic resources and therefore ultimately to the prosperity of the country. Our concern is that this unqualified conclusion in favour of tender offers may well be wrong.

Our specific concern is that tender offers undermine the ability of corporate management to engage in long-term planning. The proponents of tender offers believe they have heard this one before and have a standard response. They say that if long-term planning is desirable, then the market will recognise it and the stock prices of corporations characterised by effective planning will increase by a proper amount. Such companies will, therefore, not be vulnerable to takeover.

Reservations about tender offers based on long-range planning, the tender offer proponents say, are either a reflection of ignorance of market price theory, particularly how quickly and accurately information spreads in the stock market and becomes part of the stock price structure, or is simply a subterfuge to protect the special interests of entrenched management.

We do not think the concern about the impact of tender offers on long-term planning is so easily dismissed. The basic assumption of the proponents of tender offers is that long-term planning can be evaluated by rational, and ultimately quantifiable, standards. That assumption is a crucial element of the view that the benefits of long-term planning will be reflected in stock market prices. But there is good reason to believe that the assumption is simply false.

Wall Street, which once frowned upon "raiders," has now come to accept the practice of contested takeover bids

Long-term planning is a far less "rational" matter than is the assessment of the current realisable value of corporate assets on a short-term prediction of profits from particular activities. The outcome of long-term planning is by its nature impossible to predict. The results will not be known until far in the future and depend upon a multiplicity of factors which cannot be anticipated.

The records of long-term planners are generally not available to be assessed until they become a subject for historians. Some of the most daring planners have one plan in a lifetime and may be retired or dead before the value of the plan can be determined.

It is very hard to believe under these circumstances that long-term planning can be reflected in stock market prices. All that we can really know is that in some instances successful long-term planning results in enormous rewards. But the ability to recognise such plans—and to choose to act on the basis of that recognition—is closer to an act of intuition or faith than it is to the rational calculations which can be made with regard to short-term matters.

Unsusceptible to evaluation

Moreover, the effective execution of long-term plans usually requires some secrecy, which is incompatible with giving the market-place sufficient information even if the market-place could evaluate the information.

If our suggestion is correct that the very nature of long-term planning makes it unsusceptible to evaluation by the market place, the consequences for the argument over tender offers are enormous. What hostile tender offers do is place any corporate management at the mercy of the market-place.

If the stock price is below what the acquiror thinks it can achieve in the near term, then the company is vulnerable to takeover. The near-term benefits to the acquiror may even be achieved by liquidation of all or part of the corporation. The only way to avoid being a potential victim of this takeover game is to avoid a public market for a company's stock. That, of course, is what is done by an entrepreneur who keeps his company private.

There are some current examples of private corporations of great economic size and strength, such as Bechtel or the Pritzker enterprises and older examples such as Ford. If we were to ask the managers of these enterprises what motivates them to remain private, we strongly suspect that they would cite as a major factor the ability to plan for the long-term without having to be concerned about short-term market price fluctuations.

You can say that a corporation makes its choice when it goes public, but until recently hostile takeovers were not regarded as a normal part of market activity. Standard Oil, IBM and other historical examples of corporate success were not realistically subject to the possibility of takeover during the period of their greatest growth and success.

If we say that the price of access to the public capital markets is to play a game in which short-term results must be the only measure of success, we may be paying a tremendous price as a society in the long term.

Another way to approach this problem is to consider the effect of hostile tender offers on top corporate management. Proponents of tender offers say that only an incompetent management is fearful of takeovers. Although that argument may contain some element of truth, it is a long way from fair analysis of the subject.

The fear of displacement changes the behaviour of all managers, whether competent or incompetent. Tender offers define competence mainly in short-run terms and managers must conform to these or accept the increased risk of failure and loss of control of their corporations.

One can respond by saying that an effective corporate management can "sell" the market on the merits of its long-term plan and thereby avoid vulnerability to take-over: but, for the reasons we have given, it is very hard to believe that this is possible.

A corporation may have a suitable long-term plan, which it would wish to adhere to even if a particular asset, say an oil field, appreciated enormously in value. However, the merits or deficiencies of the long-term plan would be largely irrelevant to an acquirer—and to the stock market — if it purchased the company and then sold the valuable asset to achieve a short-term gain sufficient more than to offset the premium paid in the take-over.

Not only may the hostile takeover game affect the attitude of existing corporate management but it may over time dramatically affect the question of who chooses to become managers of public companies. Bechtel is a good example of a private corporation which appears to attract exceptionally able managers. The discouragement of individuals who want to pursue long-term goals from management position in public companies, if that is an effect of the takeover process, may be a very high price to pay.

In sum, our concern is that the arguments in favour of tender offers are essentially arguments about the short term. If one is enthusiastic about tender offers, then one is enthusiastic about maximising results in the short term. But there is no way in the end to evaluate the choice between short-term and long-term benefits. This is a fundamental social choice which, because of the inherent unpredictability of the future, cannot be based upon economics or mathematics.

We can possibly get some insight into the consequences of this choice by comparing our economy with those of other nations or comparing our economy today with other periods in our own history. These comparisons do not seem at all comforting. There is no economy of which we are aware, with the partial exception of the UK (hardly an attractive economic example), which permits hostile takeovers of the sort which are now becoming acceptable in this country. In Japan such takeovers are almost literally unthinkable, and the same is generally true throughout the economies of Western Europe.

Developing weakness

Yet these economies are now out-performing the American economy by substantial margins and long-term perspectives seem to be one of their greatest strengths.

An equally disturbing comparison is with our own past. Only in very recent years have hostile takeovers developed to a point where they could be thought to have a significant effect on corporate management. But these are years of developing weakness, not increasing strength, for the American economy. Before we go further down the current road, we should surely be taking a close look at the risks involved in allowing the takeover game with its focus on short-term results to be a major force in allocating the resources of our economy.

The authors are partners in the law firm of Mayer Brown & Platt, of Chicago, U.S.

Management abstracts

Trade union response to new technology. R. Robins and F. Webster in Industrial Relations Journal (UK), spring 1982.

Documents principles/policies thought to be at the heart of trades unions' reactions to micro-electronics; classifies unions as "front-liners" (greatly affected) and "second-liners," and summarises how the former have responded in thought (eg commissioning research) and deed (eg seeking shorter working weeks and re-training).

How Japanese top managers live. P. V. Huggler in Management Zeitschrift (Switzerland), February 1982 (in German, English version available)

An account of the motivation behind Japanese top managers. The author, who says, "I'm no sociologist, and I'm no economist—I'm a banker," has lived in Japan for some time and is a director of a Swiss/Japanese bank.

Linking research and strategic planning. D. Collier in The Journal of Business Strategy (U.S.), autumn 1981

Describes the corporate planning philosophy of the Borg-Warner conglomerate; explains the planning process through the divisionalised organisation, focusing on the method of allocating R & D resources.

Technology as a competitive weapon. A. L. Frohman in Harvard Business Review (U.S.), Jan-Feb 1982

From a study of methods of managing technological products in unnamed companies, concludes that success depends on (1) a technical orientation on the part of top management, (2) project selection criteria, and (3) linking the development effort to the needs of the business.

The impact of current cost accounting. R. N. Berry and S. J. Gray in The Accountant's Magazine (Scotland), Jan 1982

Analyses current cost accounts produced by companies during 1980 and 1981, and points to differing effects between industries. Finds that, in aggregate, current cost net profits amounted to a quarter of the profits in the corresponding historical cost accounts; sees signs that dividend policy is being altered in the face of these figures.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (including VAT and p + p; cash with order) from Anbar, P.O. Box 33, Wembley HA9 8DJ.

TECHNOLOGY

EDITED BY ALAN CANE

UMIST and Machine Tool Research Association in joint moves on CAD/CAM development

Stirring interest in computers for engineering design

BY NICK GARNETT, NORTHERN CORRESPONDENT

THE FIRST tentative conclusions are emerging about the requirements of companies for, and their response to, the integrated application of computers in design and manufacturing.

The Machine Tool Industry Research Association, based in Macclesfield, and the University of Manchester Institute of Science and Technology (UMIST) have together so far dealt with some 70 companies on the potential and application of CAD/CAM.

Thirty of these have been dealt with by UMIST's CAD/CAM facilities alone. A further 40 have been handled jointly by the Research Association and UMIST, which together have been designated a practical experience centre within the Department of Industry's CAD/CAM Awareness Campaign.

The Government's programme is linked to a range of subsidies towards the cost of companies using the five centres in Britain and towards the installing of CAD/CAM equipment.

The Research Association, in conjunction with UMIST, has particular expertise in light and medium mechanical engineering.

The 70 companies, with which Mike Looney, the centre's manager, and his colleagues have had substantial talks with, are active in the manufacture of pumps and valves, textile and packaging machinery, general engineering, machine tools, diesel engine building, and manufacturing for the nuclear power industry.

Issues

The size of these companies has varied from 100 to 200 employees up to divisions employing 2,000 in very large manufacturing organisations.

Possible applications under study with these companies at the centre have included the design and manufacturing processes for grinding machines, ships' diesel engines, aerosol nozzles, and gas cookers.

The centre points to a series of general issues thrown up by industry's use of CAD/CAM teaching and awareness facilities in the North West.

● Of the 70 companies, UMIST believes every one would show productivity gains from the introduction in some form of CAD/CAM, even taking into practical account the cost outlay for such a system. That can be as low as £35,000 but most medium to large companies would benefit mainly from systems costing £100,000 and above.

This belief is partly coloured by the fact that a proportion of the companies were approached directly by the centre, because it believes they were the type of organisations which could benefit from CAD/CAM.

The centre accepts that some companies might not show a cost benefit by using CAD/CAM, but says that generally companies which argue that they would not receive a benefit are usually wrong.

Among companies—many outside the 70—which have been running CAD/CAM systems for some time, the centre says some managements are already making errors of judgment by failing to allow the systems to develop into a broader range of their departments and operations.

Mr Looney, a former project manager in private industry, says this reveals very varied commitments from senior managements towards the long-term development of CAD/CAM.

● Publicity for CAD/CAM is making an impact, and more companies now make inquiries at such centres as that of the Research Association - UMIST. Generally speaking, however, companies have a very limited perception of what it can be used for.

Mr Looney says companies *need to look at themselves very* carefully to see what their future CAD/CAM needs might be. It is all too easy for companies to choose a cheap but very limited system which cannot be expanded.

Surprised

If a manufacturing company with a limited budget makes this error, "it's difficult to change horses," he says.

Most medium and large companies would benefit from the advice of professional consultants. Companies should also adopt a plan—which can be altered later—as to how it sees CAD/CAM developing within its own organisation.

● The Research Association-UMIST centre has been pleasantly surprised by the interest of very senior, non-technical personnel in CAD/CAM, and approaches from some of the companies have derived initially from directors.

However, personnel at the technical sharp end of CAD/CAM in some manufacturing companies, have indicated that they have had considerable difficulty in obtaining financial backing for it from their companies' boards.

Mr Looney points to one area which could account for much of this problem — that it is difficult to quantify in cost terms the productivity benefits of using computers for designer manufacture.

A standard rule of thumb is that staff using CAD/CAM are on average four times more productive than those without the facility. Apart from time savings — which allow a greater number of design and manufacturing options to be tried within a given time period — drawings tend to be more accurate using CAD/CAM, the process of tendering for contracts is accelerated, and some sophisticated manufacturing items could not now be produced economically *without the use of integrated* computers.

Commitment

● Choosing employees to run CAD/CAM operations is a crucial issue. In the opinion of staff at the centre, such people could be drawn from either design or manufacturing processes, and the key is whether they have interest and commitment.

If an initial CAD/CAM system is under the operating control of someone with lukewarm commitment, it can kill the scheme stone dead.

"The person who controls the system becomes a very important individual," says Mr Looney. The speed with which CAD/CAM develops within a company is often dependent on the drive of that individual and his or her ability to sell it to different managers within the company.

● A common worry among managements is the impact on staff and labour relations of introducing CAD/CAM.

"There appears to be a large element of anxiety about this. There's often not much confidence on this score, but I think they soon realise that it is not such a frightening beast," he says.

"It's the same job as that done on the drawing board and in many ways is done in a similar way. Once the system gets going, enthusiasm tends to build up very quickly within the company."

● CAD/CAM has important implications for the structure of company departments. The general tendency so far has been not to spawn a new department, but to assist in the breakdown of barriers between production and design departments towards a more simplified structure.

Memories

Bubble changes

THE CANADIAN telecoms and smiconductor maker Mitel has discontinued its October 1981 scond sourcing agreement with Intel under which it makes the Intel 7110 bubble memory.

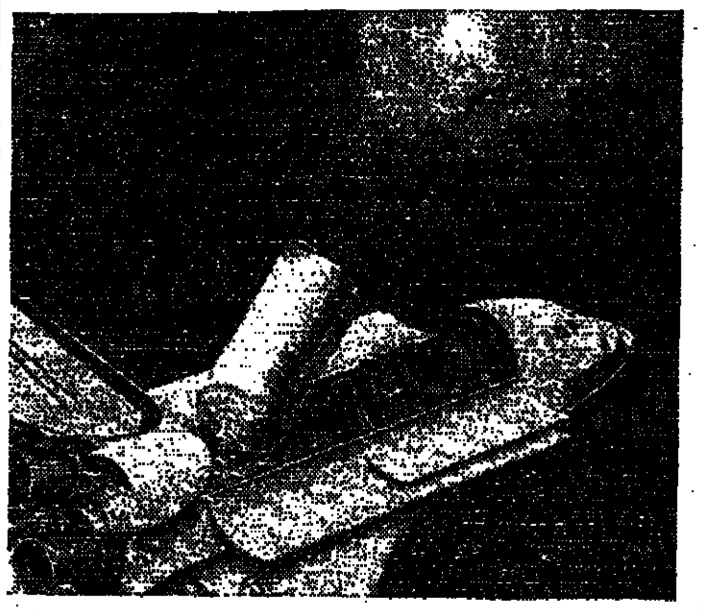
Mitel says this is a result of a similar agreement recently concluded between Motorola and Intel. General manager Ralph Bennett is satisfied that the Intel/Motorola team "can best provide a consistent, credible source of supply of both bubble and semiconductor support devices in the long term."

Bennett says that there was an important future for bubble memory in the Mitel SX-2000 digital switching unit but that to have continued with the Intel agreement "was not the best use of our resources."

Fourteen day missions planned for the 1990's

Solar telescope contract talks in the U.S.

BY MAX COMMANDER



An artist's impression of the Solar Optical Telescope due for launch aboard the Space Shuttle towards the end of this decade.

AFTER the Space Telescope *comes the Solar Optical* Telescope (SOT) which, if all goes well, should be in space towards the end of this decade. The plan is to run a 14-day mission each year for 10 years with SOT launched from the Spacelab shuttle and orbiting at an altitude of 250 miles.

Discussions

So far this scientific study of the Sun is in its very early stages with the Perkin-Elmer Corporation of Connecticut selected by the U.S. National Aeronautics and Space Administration (NASA) for discussions on a final contract.

This, says the Corporation, could lead to a full-scale development contract about the middle of 1984.

Perkin-Elmer has come up with an estimated cost for the *project of about $57m. The SOT,* with an aperture of 1.32 metres (52 inches), would be designed, assembled and tested at the *Corporation's optical group* facilities in Connecticut.

The SOT might be regarded as a short distance optical instrument by comparison with the Space Telescope due for *launch from a shuttle* in 1985. This will peer to the distant edges of the Universe and, hopefully, provide cosmologists with a better understanding of the origins of the Universe.

SOT has a much different role. It will peer at the Sun (a rather ordinary star two thirds out from the centre of our own Milky Way galaxy) in the hope of finding some of the answers to some of the mysteries which have puzzled physicists who have made studies of the Sun.

Data from SOT should throw some light on the Sun's processes; *for example the inter*action of solar plasma with solar magnetic fields; the origin and development of solar flares; *sunspots; solar neutrinos;* the apparent loss of mass as the Sun goes through its interminable decay; and studies of the various atmospheric layers of the Sun—the photosphere, chromosphere and the transition area to the corona.

Selected

The SOT is designed to make measurements over the visible *and much of the ultraviolet* wavelength of the Sun using a Gregorian optical system. Instruments provisionally selected include a visible light universal filter polarimeter, an ultraviolet spectograph and a visible light Schmidt spectograph. The solar extreme UK telescope and spectograph are also in line for the first mission.

It's all heady stuff if you're an astronomer or astrophycisist. Money and political stability need to go hand in hand to the nineties.

Sawing

Mitre unit

AN updated version of the ELU DG 79 double head mitre saw machine which now provides a digital read-out of dimensions to which the material should be cut has been introduced by this Luton company.

There are three models for cutting lengths of three, 4.5 and six metres of aluminium or plastic extrusions and the machines are capable of cutting mitres simultaneously at both ends of the extrusion. Full details from ELU Machinery, 310, Dallow Road, Luton, Beds. (0582 425001).

Blast clean

SEAGUIDE Fabrications of Liverpool has available a combined water/grit blast-cleaning machine which is described as providing a mobile answer for building renovation, metal finishing and corrosion control. Pressure at the blast nozzle is variable between 25 and 100 psi. Sea guide is at Unit 6, Garston Industrial Estate, Liverpool (051 486 3115).

Publications

Computer design newsletter

A NEW newsletter started publication this month called *Computer Aided Design and Manufacture.*

At an annual subscription of £95 (£110 overseas), this monthly letter, published by Scientific and Technical Studies, London, will deal with new systems coming on to the market, new companies in the field, applications, research and development and general news in the CAD area.

The editors are Ken Stout, head of the *Production Engineering Department* at Lanchester Polytechnic, Arthur Llewelyn, chairman of the CADCAM Association and a past director of CadCentre at Cambridge, and Michael Leesley, director of architectural and constructional engineering at ComputerVision. More on 01-236 4080.

THE ARTS

Hary Janos/Buxton Festival

Rodney Milnes

The theme of this year's Buxton Festival is not, as in the past, musico-literary but purely musical—the centenary of the birth of Zoltán Kodály (1882-1967). Thus, a lecture and recital by the composer's widow, appropriate orchestral programmes, a concert by the cimbalom virtuoso Agnes Szakály (including contemporary works by Papp, Lendvai and Láng that exploit to the full the instrument's bewildering tonal and dynamic range), a gypsy violinist and a Hungarian chef in attendance at the Festival Club and, at the centre of proceedings, the *soi-disant* first staging in Britain of *Háry János*.

The success of last Saturday's performance was due largely to the tact and ingenuity of the producer, Malcolm Fraser. The work is full of pitfalls for non-Hungarian audiences: it is very *much a play*, and a wordy one at that, with often quite incidental music; the fantasy-humour is both child-like and specific in its Austro-Hungarian references; the nationalist sentiment is potentially sticky. Mr Fraser whole-heartedly embraced these elements instead of side-stepping them, and it worked.

The use of Buxton Young People's Theatre, whether as the inhabitants of the Emperor's clock and clock run, as a chorus of Archdukes, or as Napoleon's army, was imaginative and beguiling. The treatment of Napoleon himself, seen first as a huge scarecrow dummy collapsing at the mere sight of our hero (Mon Dieu, Háry János!), then as a diminutive tenor (Barry Banks) and lastly, after a cunning stage trick, as the tiniest member of BYPT creeping off stage was irresistibly funny.

The boastful Háry himself could easily become a thundering bore, but not as studiously underplayed by Alan Opie with Keaton-like economy almost entirely from the eyes. His was an enormously skilful performance, strongly sung. The sentiment was safe in the hands and larynx of Cynthia Buchan (Orsze), a mezzo who always communicates total belief in whatever it is she is doing; she held the audience spellbound with the fervour and beauty of her singing. A small group of Hungarian folk-dancers, all flashing smiles and jingling spurs, proved only marginally more nimble than the Festival Chorus itself.

Chorus is not quite the right word: members of the ensemble played many roles both large and small, among them Linda Ormiston as an Empress Marie-Louise so determined that Háry took a serious risk in jilting her, and Alan Watt in various manifestations from chorus-line to Coachman to Emperor. My only reservation stems from Mr Fraser's invented framework of a Hungarian village community on the run from the Austrians in the 1848-49 wars: they pause in flight to be diverted by Háry's tall stories. The opening and close, verging upon the portentous, fitted ill with the undying loyalty to the Emperor expressed by Háry in the tales. That, perhaps, was the point, but I am not sure it was one worth making. Certainly, death and disaster to the accompaniment of the famous *intermezzo* smacked strongly of directorial bloody-mindedness.

In the pit, Anthony Hose and the Manchester Camerata revelled in Kodály's score, most of it familiar from the orchestral suite. And a lovely score it is, both in its tub-thumping vigour and in the squishily harmonised, delicately orchestrated folk tunes. (Háry's and Orsze's Danube duet is a show-stopper.) The staging itself, with Fay Conway's simple decor given epic quality by Joe Davis's superb lighting, is excellent. Miss Conway's peasant costumes for the Viennese courtiers as though seen through rustic Hungarian eyes are a charming conceit. There are further performances tomorrow, Thursday and Saturday, with the first performance here of Kodály's one-act folk-opera *The Spinning Room* on Sunday, and Charles Strouse's new children's opera each morning over the week-end. As always, Buxton *vaut bien le voyage*.

Carmen/Coliseum

Max Loppert

The newest London exponent of Bizet's damnably demanding and elusive heroine is Della Jones, who gave her first Carmen for the ENO on Saturday. Miss Jones, complete mistress of Rossinian roulades and divisions, a stylist mercurial and vigilant in Mozart and Handel, and a delicate and delicious comedienne of the most pointed kind, might be thought rash to essay a role that ends in high-powered verismo drama, a role whose full dimensions are arguably beyond her powers to match.

Encountered in London's largest theatre, some of Carmen does prove beyond her means—in the card song low notes sounded overweighted, in the final scene the calls for forceful outbursts were unequally answered, and at times one sensed that exaggeratedly clear diction was having to do the work of full-mettled vocal tone. Even so, the performance is never less than interesting, and in those scenes where Miss Jones comes naturally into her own, it is original, refreshing, rich in imagination. This singer has the pluck and the fight for Carmen, the sting in her eyes, the flash of devilry that can be conveyed as much by the fingertips as by more conventional means. In quieter moments—the start of the *séguidille* and at "Lao-bas"—the singing was of matching originality, keen in attack, zesty in communicative powers. The purely physical allure of the conventional Carmen is missed; there is much to take its place.

She is the principal, almost (if not quite) the sole reason for a visit to an otherwise lack-lustre revival. John Treleaven's José has much to offer, much that is natural, sympathetic, and honest; how one wishes he would fall into the hands of a fire-eating producer, to diminish the callowness and tighten the clunky movements. (And how one wishes he would lose weight!) Escamillo is thick-voiced and wooden. Frasquita flappersih; Micaela — Hilary Western, late substitute for the unwell Eilene Hannan — was over-taxed by her responsibilities, though never insensitive to the lie of the line. Terry Jenkins' Remendado, alert and witty, was a flicker of light in the gloom more often than not encircling Carmen.

The subtext of the whole show seemed, in fact, to be the over-exposure of the opera in a house of this size—or rather, in a house of this size relative to ENO resources and evident amount of rehearsal. The production, no longer in John Copley's care, has lapsed into garish routine (at the start of the Smoke Chorus, the couples positioned themselves in apparent readiness for a bout of *Come Dancing*). In a smaller theatre, Stephen Barlow's very deliberately paced conducting might throw up a bounty of illuminating detail; in a hot and sweaty Coliseum, the effect was passingly lethargic and, in Act 3, continuously leaden. The opera continues to be sung in that mixture of English and pseudo-Spanish-accented gypsy yack-yack that has been the bane of the ENO *Carmen* for more than a decade.

Della Jones and John Treleaven

Crossley, Zagrosek, Sinfonietta/Albert Hall

David Murray

Everything in Friday's Prom was interesting, and three-quarters of it richly satisfying: feast enough. It was given by a brave little band, the London Sinfonietta—just winds and percussion here, but for basses (*too few*) in Stravinsky's Piano Concerto joined by cellos (too few) for his symphony of Psalms. Lack of weight in the bass line really mattered *only* in the latter work, where the BBC Singers also seemed below strength—on Radio 3, anyway: if the engineers couldn't keep the winds from swallowing up the foreground *in the broadcast, the chorus* must have sounded frail indeed in the hall. At Lothar Zagrosek's unimpeachably slow tempo, they could not quite carry the great arch of the coda, and the inspired wind harmonies sidetracked one's attention.

That could have been a nemesis upon *Mr Zagrosek's* solitary gaffe in the concert, the insertion of an absolutely unwanted breath-pause at the *incipit* of the coda. Otherwise, his conducting was a model of faithfulness in every work, with a firm grasp of overall shape and incisive in detail (though Stravinsky *did* want sharper dotted-rhythms in the *largo music of the Concerto*). *He kept* the skirling aviary of Messiaen's *Oiseaux exotiques* in superlative balance, and made the peculiar progress of Martinu's *Field Mass* seem quite cogent.

The 1939 *Field Mass* is quirky and potent, *Martinu at his best*. His happiest strokes are always intuitive and theatrical, a matter of placing rather simple musical ideas in contexts where they sound instantly right, without elaborate argument. *Prompted by the shadow of war*, his "Mass" is not a liturgical work, but almost music-theatre: *it represents* the celebration of Mass by soldiers in the field—hopes and fears, a Kyrie and an Agnus Dei, rumblings and warning fanfares. A homely piano and harmonium hold the centre of the sober instrumentation The male BBC Singers were excellent here and Neil Howlett made his high-baritone implorations honestly moving.

In Messiaen and in the Stravinsky Concerto, the Sinfonietta winds matched Paul Crossley's exemplary solo piano. Splendidly athletic and clean-fingered in Stravinsky, he supplied any *amount of live energy and also* judged the piano's few grave pronouncements to a nicety, *fixing the serious depth of a* work which can sound brittle and inhuman. The florid figuration of the *Oiseaux exotiques* was diamond-cut; there is room there for gentler nuances, but Crossley's high-definition playing was *brilliantly persuasive*. In the past few years, Crossley has perfected a keyboard *maîtrise* which should be the envy of most pianists in this country.

'The Rules of the Game' at the Haymarket

The Rules of the Game by Luigi Pirandello opens at the Theatre Royal Haymarket on September 9 with previews from September 6. Leonard Rossiter plays the leading role of Leone Gala, with Mel Martin and his wife.

It is directed by Anthony Quayle and designed by Kenneth Mellor, with costumes by Michael Stennett. The translation is by Robert Rietty and Noel Creggen.

Architecture

Colin Amery

In an Edwardian garden

The Salutation, Sandwich, Kent where the Jekyll garden and Lutyens house are being carefully restored and opened occasionally to the public.

It is the season for being out of doors, time to leave the cities. But what is it we are looking for on our annual peregrinations? Many people say they are searching for a peace which evades them in their daily lives, for the kind of rest and recreation you receive only from the balm of nature. What have we done to our lives that has made us lead them in such a schizophrenic way? Why is it that so many *people only live at the week-ends?*

It must be something to do with our surroundings, with the fact that so few of our work places are agreeable to be in for long, and the brutal way in *which nature has been banished* from being an everyday part of our ordinary lives.

In a new book the landscape architect, Jane Brown, has written a powerful *cri de coeur* that urges us to look afresh at the landscape of our working lives. Her book (*The Everywhere Landscape*, published by Wildwood House, London, *paperback, £4.95*) is passionate and provocative.

She questions the way that we tend to regard landscape as something separate from everyday life, something to be looked at as belonging to the past or at least to be viewed from a distance. She reminds us of the old proverb that there is gold beneath our feet if only we would look for it. The gold in this case is the immediate surroundings of our lives.

If we learned how to improve the cities where almost 90 per cent of our people live and work we would develop healthier attitudes to the over-sacred places of the past. Jane Brown raises the fascinating point that we have all been brought up to believe that the conservationists, the nostalgists, automatically have right on their side.

Why don't we think with equal certainty about the present and campaign as vividly for the improvement of downtown Brixton as we do for the preservation of the past. Some of Jane Brown's targets are *predictable*. The *National* Trust is seen as too patrician (unfair), the Department of the Environment as blinkered (true), tourism as intrinsically evil.

I thought that she was too kind to architects and has a curious inbred respect for the "professionals" at the same time as wanting us *all* to have a part in the understanding of our landscape. Indeed it is worrying that she yearns for the Landscape Institute to have Royal Charter status when her book seems to argue for a less institutionalised approach to all aspects of landscape.

I commend her book to anyone who cares for our surroundings. You won't find it a cool and logical argument but you will be forced to see that attitudes have to change fundamentally if our most immediate environments, particularly our inner cities are *to change, let alone improve*.

In a calmer and more reflective frame of mind Jane Brown has simultaneously produced what is certainly the most beautiful and perceptive book on Gertrude Jekyll's gardens to have appeared since Miss Jekyll was regularly in print. *Gardens of a Golden Afternoon* is sub-titled "The Story of a *Partnership: Edwin Lutyens and* Gertrude Jekyll." (Published by Allen Lane, £12.95).

It is written with tremendous affection, indeed sometimes it reads like a great romance. However the golden glow of glorious nostalgia is frequently punctured by a consciousness that above all Miss Jekyll was a practical, hard-working and down-to-earth gardener. The fact that she was also an artist is almost taken for granted.

Jane Brown is at her best writing about the actual gardens, referring to the plans and explaining in considerable detail the point of the planting schemes. She is right to say that the greatest gardens were produced by the *partnership of* Lutyens and Jekyll in the relatively brief period, 1890 to 1914. Whether long term posterity will agree with her that this period was the "last evocation of art into landscape" is more debatable.

Her view of Surrey as some kind of legendary fairyland where the arts and grafts flourished as never before on the brink of the First World War is a parochial one. It is such a danger for English writers about this period to ignore the influences from Europe and not to see this *English flowering in a wider* cultural context. Miss Jekyll herself was conscious of the influences of more distant climes on her gardening.

There can be no doubt that this book is the most useful contribution to an understanding of the processes of creation that led to such successful houses and gardens. I would like to know more about the influence of Miss Jekyll on the simple elegance that characterised so many of the interiors of early Lutyens houses. We know how important Holland was to Lutyens and to his best client Edward Hudson of *Country Life*. How hard did Miss J. push the vernacular? *This is asking too much* because it is essentially a book about gardens.

It is meticulously researched and beatifully illustrated, and will become a classic of gardening literature. Hestercombe *stands out as the most remarkable restoration of a Jekyll gar*den—all praise to Somerset County Council.

Jane Brown is right to raise the question of the care of these vulnerable works of art. It is a tragedy that Munstead Wood, Miss Jekyll's own garden in Surrey, is such a shadow of its former self. But then Miss J. *did have 10 gardeners and ran* the place as a business. Like Monet's garden at Giverny it would be glorious if just one of the great houses and gardens from the best period could be restored and retained. But that may be impossible. Jane Brown's book assembles all the evidence for posterity—it is invaluable.

Royal Ballet School/Sadler's Wells

Clement Crisp

The week of performances at Sadler's Wells just ended, found the Royal Ballet School repeating the *Giselle* shown at the Opera House and also providing an alternative programme, *which I saw at Saturday after*noon's matinée. Of particular interest was the *Simply Dance* which Jennifer Jackson — a soloist with the Royal Ballet—has made for the Lower School. Her score is the Gounod *Petite Symphonie* for wind (well played, as was the *Swan Lake* second act, by the Southern Pro-Arte orchestra under Barry Wordsworth); her cast are the 14- and 15-year-old students completing their studies in the Lower School.

Well dressed by Andy Klunder, who has devised a prettily draped version of the basic tunic for the girls, the piece is cleverly conceived for the very tender abilities of its young cast. Boys at this age are gangling, coltish about the legs, and unco-ordinated; girls look more mature and physically secure; Miss Jackson does not strain her dancers, but provides charming patterns, and unobtrusively musical sequences to set these young people moving.

The dance style is, to put it mildly, discreet—the idea of the "baby ballerinas" who sustained leading roles at this age with the de Basil Ballet Russe, or of Beryl Grey whose full-length *Swan Lake* on her 15th birthday I remember with gratitude, had better be forgotten — but well-mannered, decorous at all times. The programme was unreasonably hermetic about names, but there was especial pleasure in the fluent arms and speed of, *I think*, Helena Nam, and in another chance to see that Jennifer Jackson can make dances. And must make more.

The second act of *Swan Lake* launched the students of the Upper School on those oh-so-familiar and oh-so treacherous waters, and brought a carefully disciplined corps de ballet to support Tracy Brown and Christopher Saunders as Odette and Siegfried. Both have benefitted from coaching by Donald MacLeary, and for all its immaturity their dancing was serious. Mr Saunders was intent on explaining every shift in Siegfried's emotions, and few princes bother to do that in *performance*; Miss Brown's dancing was gently alert and unforced. The great duet was not betrayed, and these young artists presented it with so sweet an innocence that it gained a curious poignancy. Barry Wordsworth drew a sensitive and helpful accompaniment from his orchestra.

*

I went back to look at the Paris Opéra *La Sylphide* again on Friday night, eager for another chance to watch Elisabeth Platel's prodigious incarnation of the sylph. As the role opens out in the second act her dancing seems even speedier, lighter, as if the *sylphide's* return to her native air had freed Mlle Platel from much need to touch the ground. Victor Hugo inscribed a book to Taglioni with the phrase *à vos pieds—à vos ailes*. The words can be no less happily applied to Elisabeth Platel's winged feet in this radiant spring-time of her career.

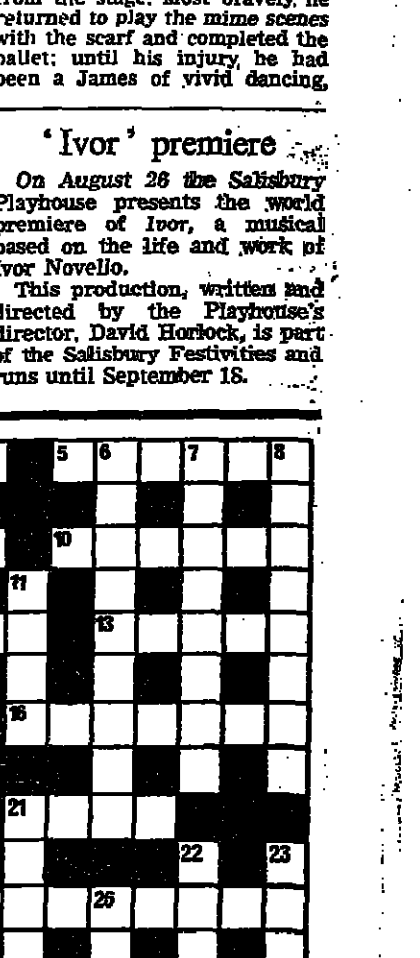
The performance was sadly marked by an injury to Jean-Pierre Franchetti who damaged a tendon during a variation near the end of the second act and who limped in obvious agony from the stage. Most bravely he *returned to play the mime scenes* with the scarf and completed the ballet; until his injury he had been a James of vivid dancing.

'Ivor' premiere

On August 26 the Salisbury Playhouse presents the world premiere of *Ivor*, a musical based on the life and work of Ivor Novello.

This production, written and directed by the Playhouse's director, David Horlock, is part of the Salisbury Festivities and runs until September 18.

F.T. CROSSWORD PUZZLE No. 4,938



ACROSS

1 One might admit having heard it (4-4)
5 Recent alterations in the middle (6)
9 Dismisses from the field at Southend as very loud (5, 3)
10 The initial mistake causes extreme fear (6)
12 Chosen to have been carried by a conductor (9)
13 Previous minister (5)
14 Joint complaint (4)
16 Witty saying, note, in front of animals (7)
19 As below into pieces (7)
21 Charge for a letter (4)
24 Leap or prance around without an indefinite number (5)
25 Not prejudiced to give one to a novice (9)
27 Provided as eggs have been on completion (4, 2)
28 Rest period midway through the sentence? (4-4)
29 Leave without transport in London (6)
30 The early developments are tough (8)

DOWN

1 Makes hollow containers (6)
2 Swoops but not quietly on the large felines (8)
3 Constantly trouble to cover with jewels (5)
4 The instant for leaving the launching-pad (4-3)
6 One is not liable to have been given it (9)
7 Volunteers dogs (8)
8 Parts of the body might be treated as murder (8)
11 In summer expected to find a lake (4)
15 I wondered about a cover for the bed (9)
17 Mews? (8)
18 He provides for being more flexible about one (8)
20 Drops from the sky (4)
21 Put back the pieces of material (7)
22 Perfect guess (6)
23 Tired general taken in by enemy agent (6)
26 Arbiter has the thing to make ready for use again (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

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The rights of employees

FIVE YEARS ago, after the publication of the Bullock Report, the UK was engaged in a spirited but ultimately unproductive debate about the use of legislation to promote industrial democracy. Since then some companies, often under the pressure of recession, have developed new ways of involving their employees in the business, but the emphasis has been on a voluntary rather than statutory approach.

Now the prospect of legislation is again on the agenda. After 10 years of gestation, the European Commission's fifth directive on company law, which is designed among other things to give statutory backing to worker participation throughout the Community, is reaching the point where member governments will have to decide whether or not to accept it. At the same time the so-called Vredeling proposal, which would impose new obligations on large and especially multinational concerns to inform and consult their workers, is in its final stages.

Attacked

Both measures, one dealing with company law and the other with employment law, have been fiercely attacked in the UK by the Confederation of British Industry and by the Institute of Directors. The Government appears to share their hostility.

The purpose of the Commission's programme for harmonising company law is to make it easier for a company in one member country to establish itself in another, whether through merger, acquisition or the creation of a subsidiary.

But harmonisation in the field of employee rights presents special problems. In Germany statutory arrangements for employee participation form part of a legal framework in which the rights and obligations of trade unions are clearly defined. To impose such arrangements on the UK, where no similar legal framework exists, may have a disruptive effect on industrial relations.

Of course, the UK does use the law to advance the interests of employees. The Employment Protection Act of 1975 obliges companies to disclose certain information about their business to recognised trade unions, although the provision is related closely to collective bargaining and there are safeguards to prevent breaches of confidence. The Companies Act of 1980 requires boards of directors to take into account the interests of employees in their decision-taking.

In its evidence to the Bullock Committee, the CBI put forward the idea (subsequently withdrawn) of fallback legislation whereby companies which were unable or unwilling to reach participation agreements with their employees would be obliged by law to do so. But the CBI insisted that any such legislation should afford the maximum degree of flexibility.

As amended by the European Parliament, the fifth directive is much more flexible than in its earlier versions. The options open to a company would include, not only a two-tier board structure with directly elected employee representatives on the supervisory board, but also a unitary board appointed by shareholders only, with a parallel employee representative body enjoying rights of information and consultation, another option added by the Parliament in the development through collective bargaining of participation systems equivalent to those available under the other options.

With these and other amendments there might not be too much for the UK to worry about. But it is the combination of the fifth directive with Vredeling which alarms British business—and U.S.-based multinationals which are worried about the extra-territorial reach of the new rules.

Consultation

The Vredeling proposals would oblige companies above a certain size and complexity to consult employees on a wide range of specific topics in advance of decisions; a board of directors in, say, London or Detroit could not make decisions affecting the Italian subsidiary without discussing it with that subsidiary's employees.

Critics see Vredeling as a recipe for uncertainty and delay, with groups of employees or trade unions having a virtual veto over management decisions.

The difficulty in all this is to strike the right balance between voluntary and statutory elements. Certainly, Vredeling goes much too far and the fifth directive in its earlier form was too inflexible, but equally there are companies where the lack of consideration for their employees will not be curbed solely by voluntary guidelines.

There is a case for legislation to secure some minimum level of consultation and participation. To prescribe in detail what form consultation should take, whether for purposes of EEC harmonisation or to promote good industrial relations, is neither necessary nor desirable.

Confusion in Washington

THE RETREAT of the Federal Reserve Board's discount rate is a welcome event, but economic news from Washington still makes discouraging reading. Even though the indications point towards a recovery of economic activity in the remainder of this year, which may continue in 1983, President Reagan has already admitted that recovery will be slow and difficult.

That subdued judgment was borne out by the index of leading economic indicators published on Friday. After improving in April and May, it remained unchanged in June. Besides, the revised figures for March gave the lie to the provisional figures for that month, which had pointed to an improvement.

The index, therefore, has not registered the three successive months of improvement which, as a rule of thumb, are taken as the signal that a recession is over. Worse, important constituents of the index showed declines in June. New orders were down, spending on plant and equipment was down and the issue of new building permits also declined.

Worrying

These may have been temporary setbacks, and in any case the figures for June are still subject to revision. What is more worrying is that the Reagan administration refused to tie itself to forecasts for growth rates in its Mid-Session Review of the Budget, also published on Friday. It preferred instead to speak of assumptions about future growth and about the all-important budget deficits.

Compared with what has come from other reputable sources, such as the OECD and the Congressional Budget Office, these assumptions look decidedly sanguine. The review assumed that the deficit would fall from $115bn in 1983 to $59bn by 1987. The Budget Office has forecast that deficits will remain in the $140bn to $160bn range until 1985. The Review assumed economic growth of 4.5 per cent over the next 18 months—itself a downward revision of earlier administration estimates; the Congressional Budget Office forecasts growth of about 3.5 per cent annually over the next two years.

Exercises in prophecy always do have their pitfalls, but there has been no lack of suggestions in Washington that the administration's figures were issued with an eye on the mid-term Congressional elections next November. Even if that was not the case the confusion in the figures reflects prevailing uncertainties in U.S. economic management.

The long struggle over the 1983 budget illustrates the extent of that confusion. It could become infinitely worse if the congressional elections in November swing towards the Democrats. Public opinion so far appears to have stuck with Mr Reagan's economic prescriptions, if only because they provided an alternative to previous policies that had plainly failed to work. But the many signals of distress from the corporate sector and an unemployment rate of almost 10 per cent could yet prove potent political arguments.

In a conflict with Congress, the President may be expected to use his considerable powers to keep to the path that he has so far trodden: to rely on tax cuts to provide incentives to business, even at the cost of large deficits requiring heavy federal borrowing and the acceptance of high interest rates.

Interest rates have recently declined, if only gently. But with a falling inflation rate, real returns remain high and a rise is not excluded later this year. Little relief is in prospect for an outside world eager to reduce its own interest rates, but held back by the fear of heavy capital outflows into the dollar.

Help will come only once the budget is under control. Since Mr Reagan has set his face against higher taxes that will, at the very best, be a slow process. The contradictory budget estimates from Washington are a worrying symptom of confusion and a warning signal to the rest of the world.

EUROPEAN TRACTOR SALES

Multinationals come a cropper

By Ian Rodger

TEN years ago, it was widely assumed that the big North American farm machinery companies, led by Massey-Ferguson and International Harvester, would gradually come to dominate the European farm tractor market.

The smaller, national European-owned producers — there are more than a score of them — would be squeezed out by the multinationals' superior resources and economies of scale.

It has not worked out that way. IH and Massey are both in dire financial straits; their international networks of plants have been burdens rather than competitive weapons. IH, which last week announced a drastic programme of retrenchment (still to be approved by the banks), apparently intends to stay in the European farm machinery business, but it is pulling out of trucks and construction machinery.

Meanwhile, the European national farm equipment companies have fared reasonably well. Two years ago, Fiat Trattori of Italy overtook IH to become the European tractor market leader.

Moreover, companies like Renault of France, Deutz of Germany and Steyr of Austria have been able to maintain reasonable financial performances as well as market shares in the past few difficult years.

The two other multinationals, Deere and Co and Ford, are not in any financial trouble. Both avoided making heavy investments in expansions in the early 1970s. But Deere, which is the U.S. market leader, and a latecomer to Europe, has made almost no progress towards its goal of raising its European market share from 7½ per cent to 10 per cent. And Ford, whose tractor business is strongest outside the U.S., has lost some ground in Europe in the past few years.

(Unit sales are not a completely accurate indicator of the state of the market because of the continuing trend to higher value tractors with higher horsepower and often with four wheel drive. Ford, for instance, claims a 30 per cent share of the UK market for 100 hp and larger tractors in the UK compared to a 23 per cent overall share.)

The failure of the multinationals to progress in European markets in the past few years goes some way to explaining their current difficulties.

Europe is the largest market area for tractors in the non-Communist world, taking approximately 284,000 units last year, 37 per cent of total consumption. North America took 180,000 units, and all other markets in Asia, Africa, the Middle East, Latin America and Australia about 260,000.

However, the long-term growth potential for tractors and other farm equipment is directly related to the rapidly rising world population and its demand for food. The growth in tractor sales is likely, therefore, to take place mainly in North America, where there is substantial unused agricultural capacity, and in the developing countries, where population growth is most concentrated.

European tractor markets, on the other hand, are generally considered to be mature, and are expected to show, if anything, a gradual fall in unit demand because of the trend to using larger horsepower tractors.

However, an extraordinary surge of demand in European markets in the mid-1970s combined with the fragmentation of European markets, made them an attractive target for the multinationals.

Whereas in North America the top three producers, Deere, IH and Massey, together accounted for two-thirds of the market, in Europe the top three had little more than one-third. There was a wide range of national suppliers as well as the multinationals in every market.

In Britain, for example, there are now 27 makes of tractor on the market. In West Germany, two national producers, Deutz and Fendt, account for 35 per cent of sales, slightly more than the four multinationals combined.

Massey, IH and Ford have long had strong manufacturing bases in Europe, using their big plants in France, Belgium and Britain to supply markets in Latin America, Africa, the Middle East and the Far East, as well as those in Europe. About 80 per cent of tractors made in Britain, for example, are exported.

Thus, when IH and Massey were planning major expansions in the early 1970s to meet the anticipated sharp growth in world demand, much of the investment came to Britain. Massey's total capital spending between 1973 and 1977 reached nearly $600m and included big expansions at the Coventry tractor and Perkins diesel engine plants in Britain. The Coventry tractor plant became the largest in the world, with a peak production of 85,000 tractors and knocked-down kits in 1976.

The companies hoped that the economies of scale in their huge factories would enable them to set very keen prices and make major inroads into the market shares of the smaller, national companies in Europe.

However, European markets turned sharply downwards in the late-1970s, as farm incomes were hit by the rising costs of money, fuel and fertilisers. A tractor is a durable product and cautious farmers can defer replacement purchases almost indefinitely. Between 1976 and 1981, the number of units sold in Europe fell by 23 per cent. In Britain, sales plunged from a peak of 38,000 in 1976 to 21,000 last year.

Over the same period, demand has also been declining elsewhere, although not as steeply. In North America, unit sales have dropped 20 per cent and in all other markets the decline is also about 20 per cent.

The result has been, of course, that economies of scale have gone by the board and extremely expensive retrenchments has become necessary. Massey has cut its payroll from 67,000 in 1977 to 35,000 and IH has reduced its staff from 93,000 in 1979 to 65,000.

Meanwhile, the national companies, which had not embarked on audacious projects in the early 1970s, were able to improve their positions. Fiat, for example, introduced an entirely new product line in the late 1970s but Massey had to defer introducing planned new products because of its liquidity squeeze.

Then, increasing public awareness of the precarious financial state of IH and Massey meant that they had to resort to more and more desperate means to achieve sales.

Discounting in all forms, including generous trade-ins and easy credit, is now rampant in most world tractor markets. The levels range from 15 to 30 per cent, depending on the market, and the effect has been to depress financial results still further.

Harvester is forecasting a net loss of $925m in the current year to October after losses of $393m last year and $397m in 1980. Massey lost $89.2m in the six months to March 1982 after losses of $195m in the whole of 1981 and $225m in 1980.

Even Deere, acknowledged to be an extremely efficient producer, has been having a tough time. Second quarter 1982 net profits tumbled 97 per cent to $3m and the chairman, Mr William A. Hewitt, has forecast a "serious decline" in earnings for the rest of the current year to October. He cited high interest rates, low commodity prices, a 14 per cent fall in sales volume, low product prices and the need to provide high sales incentives.

Yet the European national companies seem to be adapting more easily to the tougher market conditions. Fiat Trattori made a profit last year for the third year in a row and Steyr and Deutz both report that their tractor operations are in profit. And Renault Tractors claims it would be profitable if it were capitalised in the normal, commercial way rather than being part of the nationalised Regie Renault.

In the UK, Marshall, Sons and Co, a small, private company, took over Leyland's ailing tractor business last year and is confident that it can maintain the producer's 6.5 per cent market share by lowering costs. The workforce has been cut from 925 to 200, for example.

"We are starting from a reduced base while the other majors are still trying to cut," Mr Peter Blair, marketing manager, said. "The mistake of the multinationals was that they were too broadly based, and pricing for the market rather than to make money."

Rationalisation is still on the agenda in the European tractor industry, but it is no longer obvious that the multinationals will be the major beneficiaries.

"It is not automatic that in the fight for survival the little companies will die," says Mr Valdo Chiapponi, marketing director of Fiat. "A lot depends on a company's flexibility."

Both Renault, which entered the UK market only two years ago, and Marshall say that their moves were made partly in anticipation of one of the multinationals disappearing.

Massey announced more than a year ago that, as the leading manufacturer in Europe, it would seek to initiate "a sensible reorganisation of industry production facilities." It said overcapacity amounted to about 25 per cent and suggested that "a major rationalisation or a severe shakeout is inevitable."

So far, nothing seems to have come of this offer, and Massey says it is working on only a few minor deals through which one producer would make a given component, say transmissions, for a number of suppliers.

There has occasionally been speculation that Ford's commitment to the tractor business is not as strong as it once was, but Mr Geoff Tiplady, executive director of tractor operations in Europe, denies that.

"We are in it, we are good at it and we are going to stay in it. The company regards this as a valuable part of its business."

Ford had discussions with Sperry two years ago with a view to bringing together its tractor business with Sperry's New Holland specialised farm equipment business. But nothing came of it and Mr Tiplady said he was quite happy not to be in the combine business.

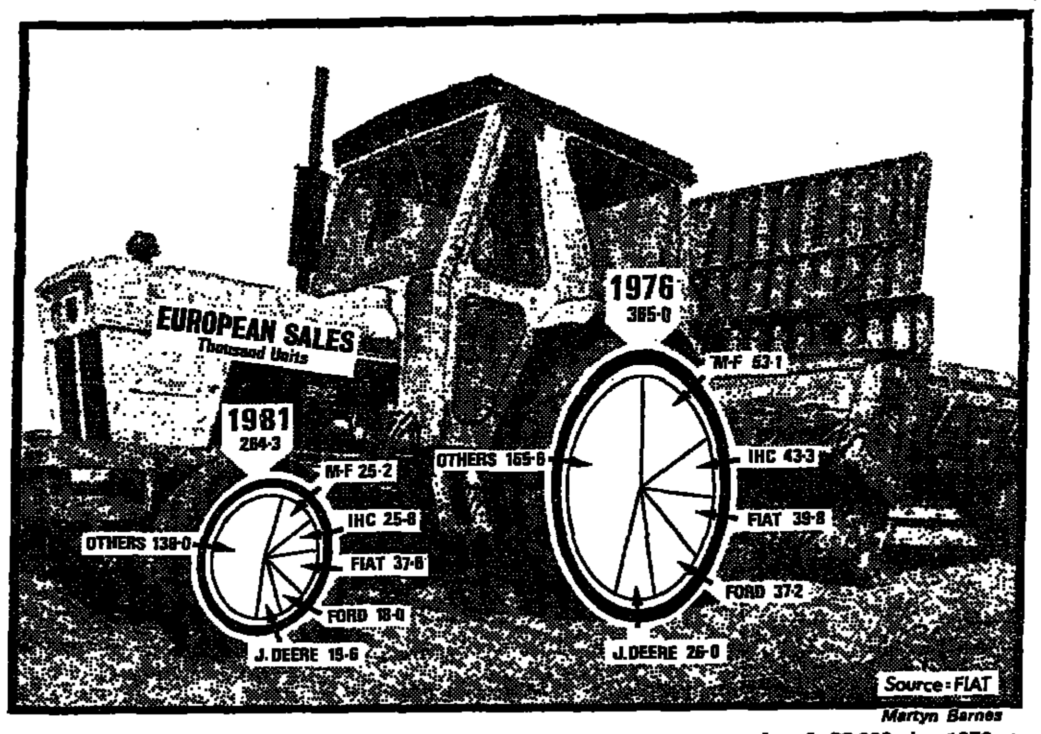
The multinationals have all cut back to the point where they claim they can cover their operating costs at least even though producing at only about 70 per cent of capacity. So Massey and IH can make reasonable cases to their bankers about the prospects for profit recovery when markets turn up. IH has solid positions in the U.S. and European markets and Massey has the largest stake, 23 per cent, in the so-called export markets, where most growth is likely to take place.

"Just as people were very optimistic in the early 1970s, I think we are too pessimistic now," Mr Brian Long, vice-president of Massey, says. "It is just a question of guessing when the resurgence will come."

In making its proposal to its bankers last week, IH said it expected agricultural equipment markets to be flat next year and show only a modest recovery in 1984.

Even after its proposed restructuring, IH will have $3.5bn of debt and only $500m of shareholders' funds. In January, Massey had borrowings of $1.2bn and shareholders' funds of $538m, but it has continued to suffer heavy losses since then, and has suspended interest payments on $330m of its loans. And despite its protestations, Ford's position in the sector must be seen in the light of the group's difficulties in its core car business.

Notwithstanding the cutbacks of the past few years capacity in the European tractor industry is probably still well in excess of likely demand. This is hardly a stable situation either for the multinationals or for the European-owned companies. Some further rationalisation of the industry seems inevitable.



Martyn Barnes

There are 27 makes of tractor on the UK market

Discounting in all forms is now rampant in most world tractor markets

Just a question of guessing when the resurgence will be

1981 MARKET SHARES

Country	Fiat	% IH	M-F	Ford	Deere
France	13.6	14.3	11.7	4.9	7.2
Germany	3.5	19.8	6.7	0.8	7.4
Italy	34.8	1.1	11.8*	2.3	1.3
UK	3.4	14.0	20.4	23.4	9.4

* Includes Landini

Source: Fiat Trattori

Men & Matters

Golden chances or gold bricks

Defenders of the London gold futures market, who have faced a barrage of criticism about quoting prices in sterling rather than in dollars, hope for some relief today.

Spot trading in the actual metal starts for the first time and London's gold bugs look to the innovation to give the gold market a useful shove.

Since the market was launched in April trading has been confined to futures only with the first deliveries due this month.

Meanwhile, more than 82,000 troy ounces of actual gold has been accumulated in the market's approved vaults since April. That is a surprisingly large quantity of gold to be stored in view of the way turnover on the futures market has been declining in recent weeks. Indeed, there are many and varied opinions about what such gold hoarding in London means *in terms of international affairs.*

On the first day of the gold futures market turnover was a sparkling 2,336 lots (of 100 ounces each) and it held up at over 1,000 lots a day for some weeks. Lately, however, it has fallen dramatically to below 500 lots on most days. And last Friday—admittedly a hot day in London at the end of a difficult week and at the start of the holiday season—gold turnover fell to a mere 125 lots.

Critics of the market are saying that this is because the contract is in sterling while everyone else in the world—including the London bullion brokers — trades gold in dollars.

On the other hand supporters of the sterling contract are arguing strongly that the performance of the fledgling London gold market cannot be judged until it is seen whether the start of spot trading will revive interest.

The main defender of the sterling contract is the market's chairman, Keith Smith, managing director of bullion brokers and dealers Mocatta and Goldsmid—a business which celebrates its tricentenary next year.

A man who is strong-minded enough to go through business life without having his own secretary, Smith claims that it is far too early to judge whether the London gold market is a success or not.

I sought further enlightenment. But no statement on the success, or otherwise, of the market was forthcoming when the market committee held one of its regular meetings last Friday. Indeed, the other five directors of the futures market are adopting a low profile and will not comment. Neither are they showing signs of bowing to pressure for changes from member companies who paid £55,000 each for their seats in the trading ring and who are now suffering serious losses because of the low turnover.

The new gold trading is certainly adding to the gaiety of London business life. An inquirer called the FT the other day to ask who would be a likely buyer of 100 tonnes of gold—worth over $1bn at current prices.

Elsewhere in the City a bullion broker is reported to have been offered 500 tonnes of gold. However, the seller wanted some money "up front" before going through with the deal or producing the gold. It is useful to be reminded that hope springs eternal in the breasts of those who would sell us the modern version of a gold brick.

Two into one

Since the concept of job sharing (with the Government handing out £500 to employers for each job split in two) was sprung upon a largely unprepared nation a week ago Julia McIndoe has found herself much in demand to explain how it will work.

She is managing director, at the age of 38, of Part Time Careers, of Golden Square, London, an agency which has flourished for the last eight years encouraging people and bosses into the sort of job-splitting arrangements that Norman Tebbit, the employment secretary, now wants to see in many factories and offices.

Part Time Careers settles people into permanent part-time jobs. Julia McIndoe tells me that it seems to be just what many workers want judging by the turnover of her own business which has trebled in the past year—and which is manned by part-timers.

She puts great emphasis upon the need for part-time workers to accept permanent employment. Her interviewers turn away people who are simply seeking a little light work for pin money.

Britain's clearing banks have, up to now, been among the most enthusiastic supporters of job-splitting — particularly for secretarial posts. The banks appear to favour the arrangement of two people working alternate weeks.

Julia McIndoe's criterion for good part-time employees is *that they should be using the* remainder of their time constructively in some other field.

That may not go down well with people who are unemployed but who would regard a part-time job as better than no job.

Knives in court

While glowing tributes were paid at the weekend to Lord Denning by Bench and Bar when he ended his 20 years as Master of the Rolls it seems *that not* all lawyers are sorry to see him go.

The valediction of the Haldane Society of Socialist Lawyers rose to the occasion by quoting the widow fo another great judge, Lord Coke—"He is gone. Thank God we shall never see his like."

To which the Haldane Society thought it appropriate to add a waspish rider that no judge had done more than Denning to bridge the ever-narrowing gap between the law and Conservative Party policy.

Perhaps we should not be surprised by such a view from such a quarter.

More surprising, however, is the almost warm welcome the Haldane Society gives to Denning's successor, Sir John Donaldson: "We are not amongst those who would condemn him merely because the present right-wing government considers him politically suitable for the post, nor because of his presidency of that great court of class justice, the National Industrial Relations Court."

Further, "We are optimistic that he can creat a climate in which may flourish such novel jurisprudential concepts as opposition to racism, recognition of the value of the trade unions *and the legitimacy of* industrial action, acceptance of the fact that Labour councils may have policies that differ *from* Conservative ones, and a comprehension that in a pluralist society the Master of the Rolls has no monopoly of justice and wisdom.

A comprehensive brief of which Sir John, as a public servant outside the political area, will presumably not take note.

Physical jerks

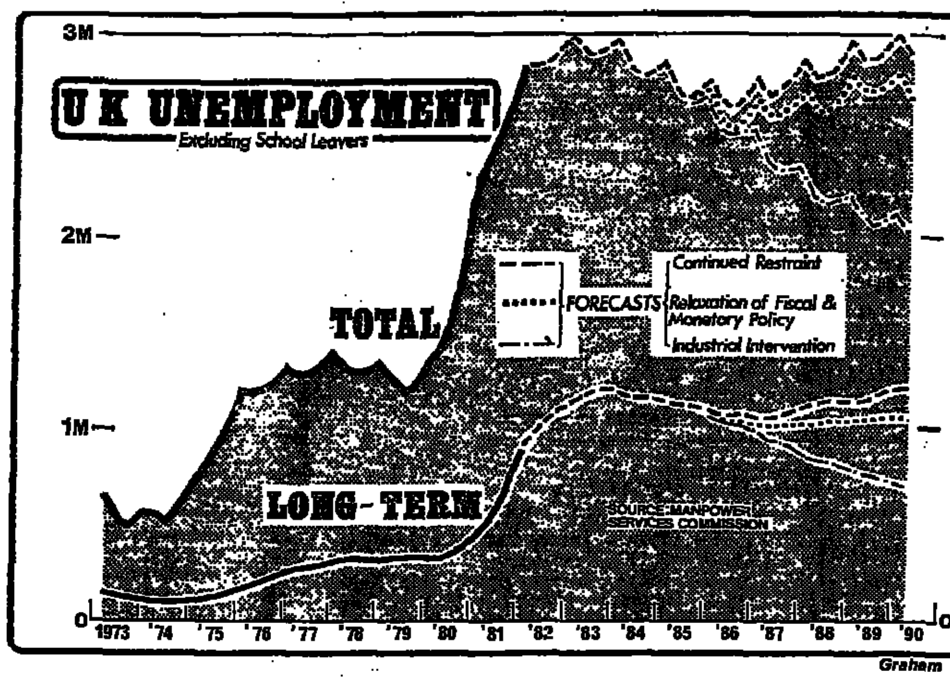
A New York friend reports a sign outside a gymnasium: "Keep Fit Classes for Women . . . Keep Fit for Women Classes *for* Men."

Observer

LONG-TERM UNEMPLOYMENT

The search for remedies

By John Lloyd, Labour Editor



Graham Lever

LENGTHY SPELLS of unemployment are extraordinarily damaging. That emerges unambiguously from the cold prose of the Manpower Services Commission study on the issue, and provides an urgent spur for the Commission to take rapid ameliorative action.

The study is the result of some rapid (and thorough) investigations by a group of officials within the MSC who set to work early this year. It is now due to be considered by the Commissioners as a basis for policy options. Its analysis of the gravity of the problem, is summarised on today's front page. What follows are some of the options it throws up:

In reviewing the possible courses of action, the study *underscores the costs of each*—showing that, depressingly, the most effective from the point of view of the long-term unemployed (LTU) is both the most costly and the most productive of inefficiencies in companies and possible tensions between the employed and the unemployed.

The authors stress at several points that one possible, and effective, remedy, lies outside their remit, *sustained economic recovery*. Yet it is a measure of the depth of the problem that even that would not bring rapid succour to the affected group. As the study notes: "The evidence of the last 20 years suggests that long-term unemployed people would be the last to benefit in finding new jobs."

It is a further measure of the depth of the crisis that the next most effective solution canvassed in the paper is immediately rejected because the costs *of all kinds are assumed to be* prohibitive. The remedy—which may yet enter the debate in some form—is given the name of an "employment guarantee" which would be "a system whereby anyone out of work for a given period became entitled to take up a temporary work or training opportunity provided, or at least supported, by the Government . . . similar to that presently offered to young people under the Youth Opportunities Programme."

But the costs are huge. Assuming a 75 per cent take-up rate, the net costs approach £1bn (£2.7bn gross), excluding administration, selection and supervision costs. The hugeness of the programme would stretch organisation to breaking point, employers would be unlikely to respond and unions would not tolerate the levels of job substitution inevitably involved.

Within the limits of practicability are three kinds of response — first, to maintain and improve efforts to prevent people becoming unemployed for long periods; second, to improve the competitiveness and employability of the LTUs; *and third, to stimulate more* opportunities for employment. In practice, the policy options to be adopted, and those already in place (including the job-splitting and expanded community programme announced last week) will be a mix of all three.

Maintaining efforts will, the study makes clear, be difficult—not least because staff numbers in Jobcentres and throughout the general placing service are to be cut by 350 in the next two years, and will be cut by the same number again under *proposals advanced by* Sir Derek Rayner and approved by the Government.

Further, it says, "once registration becomes voluntary in the autumn, this task will become more difficult." Most fundamental, however, is the fact that a placing service which "targets in" on the LTUs gets jobs for them which "are for the most part placings achieved . . . at the expense of other jobseekers."

Improving the competitiveness of the LTUs depends upon expanding training, work preparation, *rehabilitation* and adult education schemes. Here, the study proposes more places at Skillcentres (£1m buys 540 such places) more extensive use of employment rehabilitation centres (but they have a low success rate) and an increase in the scope of adult education courses (but these are being cut back).

The biggest "but" of all in this area is that training of any kind is seen as valuable only insofar as it has an object—that is, a job. An unskilled or semi-skilled worker has little incentive to become skilled if he or *she remains on the dole queue*. As the study puts it, the projects raise the issue of "the questionable value of expenditure *on courses which for the* substantial majority would not lead directly to a job."

New opportunities for LTUs *are seen by the study* as the most positive areas, since these actually increase jobs. It notes that the Community Enterprise scheme, now expanded from 30,000 places to 130,000 places and renamed the Community Programme Scheme, has been a success, albeit severely limited in numbers.

Yet such work as has been deemed suitable—that is, which does not enter into the touchy area of job substitution—is not in infinite supply. "There are some indications," says the study, "that in some parts of *the country the expansion of* special programmes has severely depleted the supply of some types of work—such as maintaining old people's gardens."

This leads it to suggest a potentially radical change—that is, to put the LTUs to work on much grander projects, such as the rehabilitation of inner cities—which could take work away from people already in employment. The risks, as it says, of "undertaking work that would have been done anyway" become greater—but the question it poses is when will it be necessary to face such a risk?

The firmest recommendation is for a general employment subsidy, modelled on the Adult Employment Subsidy operated on an experimental basis in 1978-79. Professor Richard Layard of the London School of Economics has proposed such a measure, paying a subsidy of £70 per worker for a year to companies taking on LTUs.

The study says that level of subsidy is too high, and the time period too short. It proposes instead a subsidy of £45 for a worker unemployed between six and 12 months and of £60 a week for one unemployed over a year. *These* would be paid at the full rate for nine months, and at half rate for a further *nine months*. "Such subsidies, if introduced in the coming year, would extend to the point by when it might reasonably be *expected that* an increased level of economic activity would result in more subsidised workers retaining employment than would be the case if the subsidy expired after one year or less."

The net money costs of such a scheme are reckoned to be around £1m per 400 jobs—assuming that the "deadweight" effect—that is, the subsidy of jobs or recruitment which would have arisen anyway—was around 70 per cent. In fact, the study notes that "deadweight" represents perhaps the most significant cost, since it is practically impossible to avoid in such a scheme. Further, "labour utilisation tends to become less efficient than would otherwise be the case given the free rein of market forces" and "subsidies may encourage employers to relax opposition to inflationary wage settlements."

Interestingly, one possibility mooted in the study has already been adopted—much to everyone's surprise—by the Government in the package of measures it announced last week. The job splitting scheme (two jobs for less than the price of one, as the Government billed it) is commended as increasing "the numbers engaged in paid employment while having a neutral effect on job costs." The study notes, however, that the scheme may be attractive only to those on *lower rates of benefit, such as* single people and married women.

The final few paragraphs may *ultimately prove the most* important. Cautiously phrased, they presage an approach to unemployment, both long- and short-term, of a much more comprehensive nature than has been attempted by any government, and which has so far only been the stuff of futuristic works on the year 2000

The last paragraph says: "If . . . the present problem does turn out to be indicative of a more lasting change in the structure of the labour market there may be more radical options to be pursued, most of *which would involve either* reducing the supply of labour or sharing out the available work more evenly. Such options *would take time to develop and* it may not be too soon to start discussing their implications now."

The "options" are only touched on—job sharing and part-time job release are regarded as starting points *only*. Early retirement, reduced working time and much more job sharing are brought into the arena. To none of these latter projects has the Government shown itself sympathetic: but then, it was not initially sympathetic to *any* intervention in the job market. Circumstance—much of it cruel, as this study points out—has dictated otherwise.

The UK Economy

Get those interest rates down further

By Samuel Brittan

"If it were done when 'tis done, then 'twere well
It were done quickly."
—Macbeth

"IF ANYTHING can be misunderstood, it will be misunderstood." The truth of this was once more demonstrated when I suggested a stimulus to monetary demand on July 8. Predictably, those who always want to *inject more money into the* economy and who would always like policy to be more inflationary than it is, seized on the *idea, although obviously puzzled*. "Don't normally agree with that chap in the Financial Times," one of the "old Tories" in the Cabinet was heard to say, "but the fellow's right for a change." Equally predictably, some Thatcherite supporters responded with horror.

One of the most bizarre reactions was from some technical monetarists who believe that, while a fiscal stimulus would represent fine tuning, undesirable "reflation" and so on, a stimulus taking the form of lower interest rates would be healthy and sound.

What both sides conveniently overlooked was the little word "monetary" in front of "demand." A strategy for monetary demand—and thus ultimately for Money GDP—is as different from the conventional post-war attempts to control real demand as chalk is from cheese. New-style demand management has to recognise (a) that the division of any increase in Money GDP between "real" and "inflationary" components is outside direct government influence, and (b) that the possibility of "stimulating demand" safely only arises when the growth of expenditure in money terms has slowed *down to a level compatible with* counter-inflationary objectives (in practice, near single figures).

Sir Geoffrey Howe at least realised what was proposed: but by saying that Money GDP told us mainly "about what has happened in the past," he missed the point of my suggestion. That was based on a view — right or wrong — of the present and future. The Chancellor's own forecast of retail price inflation in 1982 is 7½ per cent. The "GDP deflator" normally rises by less — let us put it at 6 or 7 per cent. Output itself is hardly rising at all — and tomorrow's CBI survey is obviously going to be disturbing. Thus the total annual rise of Money GDP looks like being *well under the 10 per cent* implicit in the Medium Term Financial Strategy. If technical monetarists prefer to make the *same point* by observing that the monetary aggregates are at or below the low end of the Chancellor's range, there is no need to argue — now.

There are always more reasons for a policy proposal than its formal justification. The balance of risks is altogether different when unemployment is 3m and rising—and inflation is 7 to 9 per cent and *falling* — than it might be on other occasions.

For 95 per cent of the time, 95 per cent of the task of restoring employment lies in rebuilding profit margins and making labour markets more competitive—two sides of the same coin. *The present feels, however*, like one of the exceptions. Action to boost monetary demand may have an unusual importance now in preventing the scrapping of plant and the cancellation of investment plans and could be complementary to labour market reforms. Business leaders are feeling depressed after a three-year-long world-wide recession and a decade of falling profitability; and one can see before one's eyes the process of below equilibrium employment dragging down the equilibrium itself—"hysteresis" if you want a respectable name for it.

If no fiscal stimulus were ever to be given at all, and the Chancellor stuck to his objective of steadily reducing the public borrowing percentage, one might respect heroic virtue and hope for the best. But the likelihood is that there will be a major stimulus by the spring.

MONEY GROWTH

	Feb. to June % (annualised)	
M1	5.9	(9.2)
£M3	9.4	(14.5)
PSL2	9.1	(11.9)
Target range	8 to 12	

Figures in brackets refer to 12 months to Feb. 1982.

By then the economy may already be recovering — albeit from a very depressed base — *and, for all the talk about* "sound money," we will be back with the old practice of "too much too late" or "too little too late."

The case against fine-tuning is that against over-ambitious and over-precise objectives. It is not an argument against acting as soon as sufficient evidence of being off-course has accumulated; it certainly does not support Sir Geoffrey's penchant for deliberately waiting until the harvest ritual of the annual Budget, because of a dislike of mid-year packages (to name only respectable motives).

The chance of early fiscal action has been lost. The need, therefore, is to act more promptly on the Government's preferred interest rate front. *The recent relatively rapid drop* of short-term rates still leaves base rates only ½ per cent below the level of a year ago, while inflation is several percentage points down.

If interest rate policy is to be the main weapon for maintaining monetary demand, rates need to come down much further and faster than previously envisaged, with some studied neglect of the exchange rate consequences. (There is no danger of complete neglect, because any inflationary consequences of depreciation are reflected in the price component of Money GDP.)

One reason for excessive caution here has been the Bank's desire for a stately pace of motion. Paradoxically, while the Bank's economists publish calculations exaggerating the overvaluation of sterling, its decision-making side dislikes almost any visible movement of the effective sterling rate in any direction. On the political side, there is a dislike of lowering interest rates too far in case they have to be raised later—rather like stifling in a warm coat because in winter it will get cold.

There is a strong case for getting a move on—and also confirming that the National Insurance Surcharge is definitely down from 3½ per cent to 2 per cent which employers will now be paying—and that the rise to 2½ per cent officially due in 1983 has been cancelled.

Letters to the Editor

The need for 'Tebbit's Law'

From Mr Marcus Fox, Conservative MP for Shipley

Sir,—Mr Larry Smith of the T & GWU castigated Mr Norman Tebbit in your columns (July 27) for his speech to the American Chamber of Commerce on July 13. In his attempts to refute the Secretary of State's criticisms of some trades union leaders for holding back the economy and the advancement of their members, he revealed the unavoidable need for "Tebbit's Law."

Instead of accepting any of the criticism he accused the Government of discouraging investment in our home-based industries and blamed it entirely for our lack-lustre economic performance.

The difficulty in challenging him arises solely from the multiplicity of examples which disprove his case and prove Mr Tebbit's. May it suffice to go back only a few days to the rail dispute. How does Mr Smith justify the Aslef leaders—often linked in name to the T & GWU—encouraging their members to maintain pre-war work practices in the face of new technology resulting from taxpayers' investment?

And how does he explain to the taxpayers the idiocy of the NUR forcing some of the most technologically-advanced trains to stand unused in sidings because it insists on having guards aboard when there is no job for them to do?

The Secretary of State has often confirmed that he does not under-estimate the traumatic nature of the change in employment resulting from investment in new technology. But it is evident that his understanding of the damage to our country, our competitiveness, our companies' viability and the security of those employed by them—should we stand in the way of that change — is appreciably greater than Mr Smith's.

To follow Mr Smith would merely export our jobs to those countries' employees who do accept the changes.

What is reassuring is that not only are there great numbers of moderate union members with considerable common sense but we have a Minister who is willing to contemplate giving them greater opportunities to ballot on matters which directly affect the viability and productivity of their jobs. In any event, giving unions back to their members must ensure greater democracy.

Marcus Fox.
House of Commons, SW1.

Falklands service at St Paul's

From Mr M. F. Soller

Sir,—The Financial Times took a common-sense and reasoned attitude to the Falklands crisis, reflected in the quality of your reporting on the war.

It is surely a matter for regret that you did not give a précis of the Archbishop of Canterbury's sermon at the Falklands Islands service in St Paul's on Monday last.

In the presence of the Queen, representing the people of the UK, his sermon reflected the views appropriate to a mature and civilised nation, views which honoured the men who gave their lives in the campaign.

The references made to Sir Norman Angell's book "The Great Illusion" emphasise the irrefutable fact that the greater its economic wealth, rather than military might, the greater the contribution a nation can make to our European civilisation and the Christian ethic. It will do no harm to the rather too many politicians who have sought to make political capital out of the war with their pseudo-patriotic clichés to consider carefully the Archbishop's sermon in the true interests of our country.

M. F. Soller.
4, Evelyn Gardens, SW7

Views on inflation accounting

From Mr Christopher Morgan, Institute of Chartered Accountants in England and Wales

Sir, — Your correspondent Mr C. G. Goldsmith (July 27) is quite right in pointing out that a sizeable minority among those who have felt inclined to support the Keymer and Haslam resolution is comprised not of "backwoodsmen" (a needlessly derogatory description anyway), but of people who have given considerable thought to the theory and mechanics of inflation accounting.

This minority itself includes groups with views ranging from undying support for the Sandilands CCA system (without monetary or gearing adjustments) to unflinching belief in the CPP system. There are also those who claim to have discovered the secret of fusion between CCA and CPP.

All these groups, in their clamour against SSAP 16, comprise a sizeable, intelligent minority.

Mr Goldsmith refers to two basic arguments against CCA. The first concerns subjectivity and cost. As many of your correspondents have pointed out, historical cost accounting is far from objective, but it has to be acknowledged that CCA poses some additional problems, for example arising from the impact on costs of technological change.

Mr Goldsmith's second point concerns the lack of acceptance by the Inland Revenue of current cost profit as a basis for taxation. This point has certainly been a feature of many letters on the subject, particularly from industry. It must not be forgotten, however, that the Revenue already makes generous allowance for the effects of inflation by permitting 100 per cent first-year tax allowances and through stock relief.

If we accountants do not acknowledge that similar adjustments to historical cost profits are necessary to give a fair view of the results of operations, it is unreasonable to assume that the Revenue will continue indefinitely with these adjustments for taxation purposes.

Those who have exhorted the Accounting Standards Committee to consign SSAP 16 to the dustbin can at least be assured that their own letters on the subject will not undergo a similar fate. The many views expressed in hundreds of letters to the Institute in recent weeks will be duly noted for the future. It is a pity that many of them were based on supposition rather than three years of experience.

Christopher Morgan.
Technical Director/ Director of Accounting Standards.
Chartered Accountants' Hall, Moorgate Place, EC2.

Profits at British Gas

From Mr W. G. Jewers, Managing Director, Finance, British Gas Corporation

Sir,—I am writing to place on record the facts about the accounts of British Gas for the year 1981-82. This is to correct the wholly inaccurate report by Lex in your issue of July 28. Unfortunately Lex seems incapable of interpreting a set of accounts which are, incidentally, supported by a completely clean and unqualified audit report.

1—"Profits are well down."

The current cost operating profit was down by £70m, from £381m to £311m, but this was after incurring an increase on the cost of the gas levy of £266m.

2—"British Gas has dismally failed to meet its official target of 3½ per cent current cost return in respect of the year to March 1982."

Lex should know that the target is not for one year but is for the three years to March 1983. As shown in the accounts, the return achieved for the first two years of the target period to March 1982 was in fact 3½ per cent.

3—"The gearing adjustment would have boosted profits by £37m."

If Lex takes the trouble to read the SSAP 16 Standard he will see that Paragraph 51 clearly states that taking account of the capital structure of nationalised industries a gearing adjustment is not appropriate.

4—"British Gas is also deep into the policy of double write offs."

This is wholly untrue and it is serious that such a false and irresponsible accusation should be made against the integrity of our accounts.

The position is fully explained under the principle accounting policies set out on Page 44 in the Annual Report. The Corporation charges the cost of replacing certain fixed assets as a trading cost and has been doing so since 1975-76. This cost is deducted from the total current cost depreciation charge calculated in relation to the current replacement cost of assets and there is no double write off.

Lex is right in one respect, that Keymer and Haslam have no support from British Gas and this has been made clear in *earlier correspondence* to your paper. In our view the illusion of historic cost profits has no place in responsible accounting.

Lex himself describes profits based on historic cost used by "less enlightened companies" than British Gas as "completely false." This is encouraging. Unfortunately, Lex then goes on to quote the "completely false figure" of his own of £1.3bn for British Gas. *To* arrive at this Lex not only adds back the current cost adjustments set out in Note 2 to the accounts but throws in as well the replacement expenditure referred to earlier and the Gas Levy which is clearly a charge against profits.

W. G. Jewers.
Rivermill House,
152, Grosvenor Road, SW1.

LEX WRITES: If Mr Jewers explained his policies as unambiguously in his accounts as he does in his letter, he might not lay himself open to supposedly irresponsible charges. Meanwhile, it remains the case that the vast majority of companies would have reported pre-tax profits of £1.3bn.

UK COMPANY NEWS

Meggitt reduces loss at midterm

With no tax charge again, the attributable loss at Meggitt Holdings came through slightly lower at £248,371 for the six months ended April 30 1982, against £276,308.

Loss per 5p share is given as 5.7p, compared with 6.4p, and again there is no interim dividend — last payment was a 0.42p net final for 1979/80.

Turnover of this machine tool distributor increased slightly from £1.96m to £2.09m for the half-year.

Interim advance to R3.25m at Cadbury (SA)

Cadbury Schweppes (South Africa) *reports interim pre-tax* profits of R3.25m (£1.62m), compared with R3.11m

Turnover increased to R31.1m (R24.06m), profits after tax were R2.18m (R2.04m) and earnings per share were 43.1 cents (40.2 cents).

The directors have declared an interim dividend of 13.5 cents (12.5 cents) per share.

Although turnover showed satisfactory growth, very competitive market conditions and increased costs resulted in only a modest increase in operating profit, Mr C. Cilliers, the chairman, says.

"We expect that profit for the second half of the year will exceed that for the equivalent period in 1981. However, the extent of the increase will be largely determined by our ability to maintain the growth in turnover against the background of a sluggish economy, and by our ability to maintain margins in a period when most of our ingredient prices will continue to rise due to inflationary conditions," he says.

J. & J. Dyson £0.82m upturn

The year to March 31, 1982, saw a turnround for J. & J. Dyson *from a pre-tax loss of £490,217 to* a profit of £329,430, on group turnover only slightly increased from £34.44m to £34.98m.

A final unchanged net dividend of 2p per 25p share is recommended, raising the payout for the 12 months from 2.5p to 4p.

Pre-tax profits at midway, when the company was confident of maintaining the progress made in the first half, were ahead at £304,000 (£232,000).

Earnings per share are stated at 4.89p, up from last year's 2.68p.

Group trading profit was £1.02m (£349,974), interest payments came to £687,399 (£840,191) and tax credits amounted to £340,018 (£859,347).

Dyson, a holding company whose interests include the manufacture of refractory materials, the sale of motor vehicles and supplies, and the manufacture of vehicle trailers, made a profit on the sale of fixed assets of £1m (£29,302), and saw group closure costs and extraordinary debits of £221,513 (£469,955).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Nottingham Manufacturing, Standard Telephones and Cables.

Finals—Cray Electronics, Hillards, Hillards, Owen and Robinson, Regional Properties, Shaw and Marvin.

FUTURE DATES

Interims—

Automotive Products	Aug 13
Macfarlane (Clensmen)	Aug 31
Relyon	Aug 9
Ward Holdings	Aug 20

Finals—

Atlas Investment Trust	Aug 6
TR City of London Trust	Aug 4

MPs back Johnsons in opposing Sunlight offer

MPs ON North Merseyside are lending support to the campaign of opposition to the £31m takeover bid by Sunlight Services, the London laundry company, for the Bootle-based Johnsons Group Cleaners, one of the largest dry-cleaning companies in Europe.

The workforce at the Bootle headquarters launched the campaign, claiming the 200 jobs there could go in an area with an unemployment rate of 20 per cent, and overall 1,000 jobs would be at risk at Johnson depots throughout the country.

A two-man deputation from Johnsons saw Merseyside MPs at the House of Commons before Parliament rose for the recess.

Mr Alan Roberts (Labour, Bootle) had already pledged his support, while Mrs Shirley Williams, the Alliance Member for neighbouring Crosby, has written to the Trade Secretary, Lord Cockfield, asking for an inquiry into the bid.

Mr David Alton (Liberal, Edge Hill), has also called for an inquiry, and Johnsons' directors have written to the Prime Minister backing the pressure to get the bid referred to the Monopolies Commission.

Watsham's nears £1m and steps up dividend

Watsham's lifted pre-tax profits from £779,541 to £969,472 for the year to March 31 1982, on turnover expanded from the previous year's £3.41m to £5.19m. The board is recommending a net final dividend of 7.25p per 25p share, up from last year's 6.25p, leaving the payout for the year 1p ahead at 11p.

Earnings per share are stated higher at 26.8p (21.2p).

The group, which manufactures and supplies specialised products in the optical, instrumentation and industrial safety industries, considers current trading and progress to be satisfactory.

Tax for the year came to £288,742 (£240,619), minority interests totalled £31,677 (£45,279), and extraordinary debits reached £253,614 (£119,640), leaving retained profits of £395,439 (£374,003). The extraordinary items relate mainly to the final adjustment to the proceeds from the sale to Hawker Siddeley Power Engineering in 1977 of the company's electrical transmission activities.

Pre-tax profits on a current cost basis come through at £853,863 (£630,729).

U.S. acquisition by United Newspapers

United Newspapers has exchanged contracts for the acquisition of PR Newswire Association Inc. (PRN), a U.S. agency which distributes news and *information* to media, investment community and public relations outlets.

The contracts were exchanged with UN and Western Union Corporation which has operated PRN as a fully-owned subsidiary for more than 10 years. United Newspapers will pay $9.5m for PRN, approximately one quarter from existing group cash resources and threequarters from borrowings.

PRN, formed in 1954, had pre-tax profits of $2.5m for 1981. Net tangible assets at the year end amounted to $0.2m.

FT Share Information

The following securities have been added to the Share Information Service:—

Argyle Trust (Section: Trusts, Finance, Land).
Bairstow Eves (Property).
Druck Holdings (Electricals).
Miles 33 (Electricals).
Oriflame International SA (Industrials).
Radio City (Sound of Merseyside) (Leisure).
Ruddle **(G.)** (Beers).

SHEFFIELD REFRESHMENT

Tax paid by Sheffield Refreshment Houses for the year to March 31, 1982, totalled £124,586 (£123,813), and pre-tax *profits on a CCA basis were* £210,241 (£206,515). These figures correct those given in the edition of July 21.

Sharp setback for Kleen-E-Ze

Pre-tax profits at Kleen-E-Ze for the year to March 31 1982 dropped sharply from £190,837 to £17,467, on turnover up slightly from £10.87m to £11.25m. The board is recommending a net final dividend of 1.5p per 25p share, making 3p for the year, down from last year's 5.5p.

Trading profit slipped to £377,018 (£465,412), while interest charges, incurred mainly in connection with an investment programme on the company's Bristol site, rose to £359,551 (£274,575). Tax took £55,610 *(£40,074)*.

The directors of this holding company, whose interests include the manufacture of energy-saving devices, brushes and cleaning products, say that although there is no strong recovery in demand they are looking for improvement through internal rationalisation and investment.

At midway, pre-tax profits amounted to £63,639 (£232,771).

There was an extraordinary debit for the year of £165,000 (nil) related to Stockport-based Frederick Coxson & Sons, which was forced to close after a sharp *decline in orders.*

SHARE STAKES

Lex Service — Mr Trevor Edwin Chinn, a director, has disposed of 105,000 ordinary shares, reducing his holding to 1,423,465 shares. He has also, in respect of wife, disposed of 4,032 ordinary shares reducing holding to 1,528,465 shares. Also, in respect of a charitable trust, has disposed of 20,000 ordinary shares reducing holding to 67,537 shares.

Brown and Jackson — Mr M. B. Israel, a director, has acquired 26,666 ordinary shares increasing his holding to 43,998 shares.

Rit and Northern—Mr N. C. J. Rothschild acquired beneficial interest in 530,000 warrants to subscribe for ordinary shares of company on July 30. Mr D. C. S. Montagu purchased 100,000 warrants to subscribe for ordinary shares of company on July 30.

Gillett Brothers Discount—The Prudential Corporation, as a result of recent sales, no longer have a notifiable interest in the ordinary shares.

Standard Life Assurance Company—Standard Life Pension Funds have purchased 120,000 ordinary shares increasing their holding to 1,625,785 shares (6.084 per cent) in respect of Bank of Scotland (Stanlife), London nominees 1,080,785 shares and Bank of Scotland (Stanbos) Pension Funds nominees 545,000 shares.

Belhaven Brewery Group—Mr John Berkley, a director, has purchased 75,000 ordinary shares increasing his holding to 975,200 shares.

The Burton Group—Mr Raymond M. Burton, a director, has sold 30,000 ordinary shares.

MEMEC (Memory and Electric Components)—Mr E. A. I. Sturmer, a director, has sold 250,000 ordinary shares. Mr R. T. Skipworth, a director, has sold 200,000 ordinary shares. Trustees of the Ellis Settlement have sold 200,000 ordinary shares. Mrs C. M. Skipworth has sold 25,000 ordinary shares.

General Electric Co—Shares interests of Sir Kenneth Bond, a director, have been reduced by 29,486 ordinary shares following sale on July 27 of 10,586 shares in which he had a beneficial family interest and 18,900 shares in which he had a non-beneficial interest.

Ashdown Investment Trust—Sun Life Assurance Society held 680,000 ordinary (6.254 per cent) at July 26, 1982.

NSS Newsagents — Clerical Medical and General Life Assurance Society interest now stands at 1,377,500 ordinary (5.4 per cent).

Raeburn Investment Trust—Standard Life Pension Funds now hold 1,625,785 shares (6.084 per cent).

TSW-Television South-West—Phicom Ltd sold 2,020,000 shares (9.6 per cent) on July 29, 1982. Mr H. E. Turner, a director of TSW purchased 20,000 shares on July 29.

Public Works Loan Board rates

Effective July 28

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 5	12½	12⅞	12½	13⅜	13⅜	13⅝
Over 5, up to 6	12½	12⅝	12⅝	13⅝	13¾	14
Over 6, up to 7	12⅝	12⅝	12⅞	13⅝	13¾	14
Over 7, up to 8	12⅞	12¾	13	13⅝	13¾	14
Over 8, up to 9	12¾	12¾	13¼	13⅝	13¾	14
Over 9, up to 10	12⅞	12⅞	13¼	13⅞	13⅞	14
Over 10, up to 15	13	13¼	13¼	13⅞	14	13⅞
Over 15, up to 25	13¼	13⅜	13⅜	13⅞	13⅞	13⅞
Over 25	13¼	13½	13½	13⅞	13⅞	13⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. *The dates shown are those of last year's announcements* except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
Associated Dairies	Aug 26	Final 2
Ault and Wiborg	Aug 5	Interim 0.5
*Automotive Products	Aug 13	Interim 1.0
Babcock Int.	Sept 2	Interim 3.4
BBA	Aug 27	Interim 0.84
BET	Sept 3	Final 5.708
BICC	Sept 9	Interim 3.33
BP	Sept 3	Interim 6.25
*BPCC	Aug 5	Interim due
BTR	Sept 10	Interim 4.25
*Barclays Bank	Aug 5	Interim 10.5
*Bath and Portland	Aug 5	Interim 2.0
*Bibby (J.)	Aug 4	Interim 2.4
Blue Circle Industries	Aug 26	Interim 5.75
Bowater	Sept 9	Interim 4.25
British Aluminium	*Aug 11*	*Interim 2.0*
British Vita	Sept 1	Interim 2.7
Cadbury Schweppes	Sept 3	Interim 1.3
Carrington Viyella	Aug 13	Interim nil
Charterhouse Group	Sept 3	Interim 1.925
Comben	Aug 26	Interim 1.2
Commercial Bank Aust.	Aug 13	Final due
*Commercial Union	Aug 10	Interim 4.85
Costain	Sept 8	Interim 4.5
De Beers	Aug 18	Interim 25c
*General Accident	Aug 11	Interim 7.5
Glynwed	Aug 5	Interim 2.45
Gold Fields SA	Aug 18	Final 320c
GRE	Sept 2	Interim 6.75
Guinness Peat	Sept 11	Final 1.26
Hawley Group	Aug 26	Interim 1.1
Hepworth Ceramic	Sept 10	Interim 2.25
*Hillards	Aug 2	Final 3.75
*HK & Shanghai Banking	Aug 24	Int HK$0.21
*Hoover	Aug 5	Interim due
*House of Fraser	Sept 29	Interim 2.0
*Horizon Travel	Aug 9	Interim 1.15
IMI	Sept 8	Interim 2.0
Lead Industs.	Sept 10	Interim 3.7
*Lonrho	Aug 5	Interim 3.0
*Nottingham Manufctrg.	Aug 2	Interim 1.1
Nurdin and Peacock	Sept 8	Interim 1.125
*Ocean Transport	Aug 10	Interim 4.3
Pearl Assurance	Aug 25	Interim 8.5
P & O	Sept 9	Interim 3.0
Phoenix Assurance	Sept 2	Interim 7.3
Prudential	Sept 10	Interim 4.5
Raybeck	Aug 28	Final 1.131
Reckitt and Colman	Sept 8	Interim 3.8
*Rentokil	Aug 4	Interim 1.05
*Royal Insurance	Aug 18	Interim 9.75
Securicor	Aug 12	Interim 0.55
Sedgwick	Sept 10	Interim 2.25
Shell Transport	Aug 20	Interim 8.0
Sime Darby	Aug 27	*Final 17*
Slough Estates	Aug 26	Interim 1.25
*Smith and *Nephew*	Aug 10	*Interim 1.3*
Standard and Chartd Bk.	Sept 8	Interim 13.8
*Stenhouse	Aug 19	Interim 1.82
*STC	Aug 2	Interim 4½
Sun Alliance	Sept 2	Interim 19.5
*TI Group	Aug 11	Interim 12.5
Taylor Woodrow	Aug 11	Interim 3.15
*Transport Development	Aug 9	Interim 1.45
Turner and Newall	Sept 10	Interim due
Ultramar	Aug 13	Interim 5.0
United Biscuits	Sept 10	Interim 2.35
Wagon Finance	Aug 28	Interim 0.625
*Wagon Industrial	Aug 3	Final 3.0
Weir	Sept 2	Interim 0.1
*Woolworth (F. W.)	Aug 11	Interim 1.225
Yorkshire Chemicals	Sept 10	Interim nil

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times Covered	Gross Yield	P.E. Ratio
¶¶	F.P.	—	45	40	Anglo-Nordic 5p	44	......	b0.89	2.0	2.9	24.8
¶¶	F.P.	—	82½	75	Antofagasta Hldgs£1	78	......	7.0	3.6	12.8	3.4
¶¶	—	30/7	20	11	Argyll Foods Warr'ts.	20	+3	—	—	—	—
§45	F.P.	—	46	42	Atlantis Res. Int.	43	......	—	—	—	—
33	F.P.	—	68	44	✠Bio-Isolates 10p	57	+6	—	—	—	—
§58	F.P.	30/7	69	52	✠Dencora	55	......	—	—	—	—
—	F.P.	29/11	106	102	✠Ecobric New Ord£1	102	−2	bd10.5	1.8	14.7	4.5
—	F.P.	—	63	52	✠ Do. Defd.	62	......	—	—	—	—
§60	F.P.	6/8	60	52	✠Knight Cmptr Int5p	52	......	bd1.6	3.0	4.4	16.6
§137	F.P.	30/7	195	150	✠McCarthy & Stone	190	......	b5.75	2.7	4.3	11.4
¶130	F.P.	—	169	155	Multitone Elect.	166	+4	u2.52	3.4	2.2	14.4
§150	F.P.	13/8	155	150	✠Oilfield Insp. Srvc	155	......	u2.1	5.7	2.0	17.4
¶¶	F.P.	—	25	20	RIT & NorthernWar'ts	20	−1	—	—	—	—
¶¶	F.P.	—	38½	38	Rowe Evans Inv. 10p	38	......	—	—	—	26.5
—	F.P.	—	44	37½	Walker (Alfred) 10p	38½	......	b0.75	5.5	2.8	7.3
—	F.P.	—	36	30	✠Yelverton Invs. 5p	30	−1	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
¶¶	F.P.	—	60p	52p	Antofagasta 3.5% Pref.(£1)	52p	......
99.538	£20	—	21¾	21¼	Australia 13½% Ln. 2010	21⅜	......
¶100	F.P.	26/8	102½	100½	BournemouthWater9% Red. Prf.'8789	102½	......
‡100	F.P.	29/7	100½	95	Cronite 14% Cnv. Uns. Ln.'92	95	......
98.55	£25	8/10	28½	23¾	Midland Bk. 14% Sub. Uns. Ln. 2002-07	27¼	−¼
100	F.P.	—	101	99⅞	Nationwide Bdg. Soc. 14% (4/7/83)	101	......
100	F.P.	—	100¼	100⅛	Do. 13⅛% (25/7/83)	100¼	......
99.345	£25	—	28⅜	24⅛	New Zealand 14¼% 1987	28⅜	......
100	£25	—	25¼	25¼	Portsmouth Water 14% Red. Deb. '92	25¼	......
100	F.P.	23/7	107p	97p	Rotaprint 11½% Cum. Conv. Red. Pref	97p	......
§IR£1	F.P.	—	82	82	Smurfit (Jefferson) Pref. Units 3p	82	......
¶100	£10	17/11	13½	13½	West Kent Water 8¾% Red. Pref. 87-89	13½	......

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or −
166	F.P.	9/7	6/8	205	198	Applied Computer Tech.	205	......
170	F.P.	15/6	24/8	190	180	Bank Leumi (UK) £1	185	......
103	Nil	6/8	17/9	19pm	15pm	Blundell-Permoglaze	15pm	......
25	Nil	29/7	26/8	1½pm	1pm	*Cronite*	1pm	......
78	F.P.	3/8	17/9	84	80	Goal Pet. 5p	80	......
25	F.P.	26/7	3/9	25½	24	Jenks & Cattell	25	......
65	F.P.	30/7	20/8	81	73	Minster Assets	77½	......
50	F.P.	24/6	13/8	62	52	Press (Wm.) 10p	60	......
325	F.P.	17/6	30/7	445	380	Saatchi & Saatchi 10p	415	......
215	F.P.	5/7	13/8	282	269	Sketchley	282	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *t* Indicated dividend: *cover relates to previous dividend. P/E ratio based on latest* annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by *tender*. ‖ *Offered to holders of ordinary shares as a "rights."* ** *Issued by way* of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities *Market*. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

INTERNATIONAL CAPITAL MARKETS

CREDITS

Ferrovie favours bold approach in £100m raising

UNDAUNTED BY the cloud of uncertainty hanging over the Italian banking sector, Ferrovie dello Stato, the Italian railway, has mandated S. G. Warburg to raise £100m.

The emergence of the deal at this time suggests that Ferrovie and its merchant bank in London have decided that fortune favours the bold. There are two £50m tranches, one for four years and the second for five years.

The four-year portion carries a ½ per cent margin over the London interbank offered rate (Libor) and the five-year portion provides ⅝ per cent for the first two years and ¾ per cent thereafter. The management fee is understood to be similar to that of a $150m Libor-priced deal last December, around 9/16 per cent.

There is no ostensible reason why an Italian state-backed borrower such as Ferrovie should be discriminated against because of the Ambrosiano scandal and if the deal is successful it will amount to a psychological victory for the name of Italian borrowers in the Euro-market.

More than a psychological victory will be required by Mexican borrowers, which are still pressed by heavy cash needs. On Friday it was learned that Altos Hornos de Mexico, one of the three state steel companies, had dispatched a telex inviting banks into a $200m five-year club deal with a 1¾ per cent margin over Libor.

This is the highest spread in several years, and another sign of the need to pay a premium for new money. The deal envisaged provides a 2½ year grace period, a possible prime option and a management fee of ¾ to one per cent for banks taking a $20m tranche.

Some recipients of the telex found it unusual that a Mexican borrower should be inviting banks directly rather than via a co-ordinating bank.

The Altos Hornos proposal came a few days after news of the latest Pemex $300m nine-month deal, which involves the mortgaging of oil receivables through a U.S. oil company. Two similar oil mortgage credits are said to be under preparation.

Ecuador, meanwhile, appears unlikely to go ahead with a $400m credit it had been planning with E. F. Hutton. Hutton has relinquished the mandate, but said on Friday it had completed an $80m one-year credit for Ecuador as part of another $200m package.

Jamaican government officials spent part of last week in London sounding out the market for a $50m one-year credit to refinance part of a loan taken out last September. The deal, if it goes ahead, will be structured under IMF guidelines.

Also in London, there is speculation that the British Government may act soon to lift its economic sanctions against Argentina. An unfreezing of Argentinian assets, provided back interest is paid to UK banks, would pave the way for debt rescheduling talks.

Bankers in London report that pro-rata sharing of interest from Argentine borrowers is continuing reasonably well. Non-UK banks in Argentine loan syndicates are now making payments and two credits were brought up to date last week on this basis.

From Eastern Europe comes word that the $260m special club loan for Hungary, now being completed by a group led by Manufacturers Hanover, will be signed within the next fortnight.

This week a delegation from the Yugoslav central bank is due in London to discuss the short-term $200m-$300m deal being packaged by Citicorp. It is thought that the main subject under discussion will be the possibility of bringing the UK clearing banks into the loan.

Last week saw a meeting in New York of Poland's U.S. commercial bank creditors to discuss 1982 debt rescheduling. The meeting, at Citicorp's headquarters, concerned a proposal under which 95 per cent of the 1982 principal would be rescheduled. The proposal also involves Poland paying its 1982 interest and receiving half the amount back immediately as trade credits.

Several U.S. banks appeared to approve of this proposal, but not all the relevant banks attended the meeting. One banker who attended the meeting said it was too soon to conclude that agreement had been reached.

Alan Friedman

INTERNATIONAL BONDS

Search for quality paper hots up

THE EURODOLLAR bond market is holding its own, proving remarkably resilient to the fears of the international financial community and to the burden of $1.6bn of new issues during the past fortnight.

Last week was not a particularly active one for secondary trading, but the market steered a defensive course and managed to register a modest ½ point rise on the week for many bonds.

The most talked about new issue is without a doubt IBM's new $100m five-year 13⅞ per cent bonds-plus-warrant deal, a perfect example of the flight into quality which has become so much a part of the Euro-market's investor mentality.

IBM marched into Europe, through the good offices of Morgan Guaranty, CSFB and Salomon Brothers, and took the market by storm with one of the most successful sell-outs seen in months. Despite the fact that its issue-price yield was below that of the equivalent U.S. Treasury five-year bond, the market could hardly restrain its enthusiasm.

The warrant extra, an option into 13 per cent 1987 paper which may be exercised for three years, was so popular that it quickly traded up from its $25 issue price to close on Friday at $42.

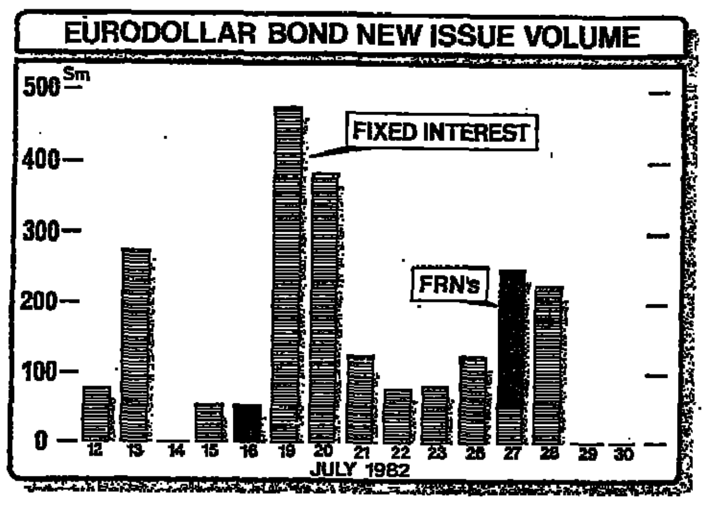
Why was the IBM deal so well received? According to new issue managers both inside and outside the management group there were three reasons: the quality of the name of IBM, the rarity value of the issue and the attractions of a three-year warrant.

The first reason is probably the key. IBM's appearance in the wake of several issues of dubious quality was described by one trader as "an oasis in the desert." It underscored the trend toward a two-tier market in which yield spreads between top quality and lesser quality issues grow wider and wider.

By Friday the IBM paper, at 101¼, was yielding less than 13½ per cent. In contrast, the Aluminium Company of Canada's new $75m 15¾ per cent 10-year bond yielded 16.22 per cent and was selling very slowly.

Another illustration of the flight into quality was the emergence of a $250m Yankee bond for the World Bank late last week. Here was the World Bank paying a 14⅝ per cent coupon, compared with IBM's 13⅞ per cent.

At the other end of the spectrum the Nova Scotia, Newfoundland, and Canadian Pacific issues all languished last week at discounts of 2 to 3 per cent. Perhaps the most extreme example of how the Euromarket treats lesser quality paper was in the sterling domestic market, where a 14½ per cent bulldog bond for Pemex traded at 77 to yield above 20 per cent.



Mexican paper is admittedly an extreme case, but there are many other examples of the widening yield differentials. The Euromarket is playing it safe.

In the Swiss franc foreign bond market Transamerica Corporation, which pioneered the currency-hedge bond through Soditic, is issuing SwFr 100m of 12-year paper with interest payable in Swiss francs and capital in dollars.

The idea is that a Swiss franc investor buys SwFr 5,000 denominated bonds paying a 7 per cent coupon. At redemption the investor receives $5,700. At SwFr 2 to the dollar this would amount to SwFr 11,400. The dollar could weaken to SwFr 0.88 and the investor would still break even.

Swiss Bank Corporation is leading the Transamerica deal, which is open to subscription until August 16.

The Swiss franc sector has had a very buoyant fortnight, with heavy trading and a heavy new issue volume. Among the new issues are several which have been used in the World Bank's recent $400m currency swap dollar-Swiss franc issue. These include the Citicorp SwFr 100m, Champion SwFr 60m, McDonnell Douglas SwFr 25m and Societe Generale SwFr 80m issues, all private placements.

A.F.

SHIPPING FINANCE

Uncertain times for Hong Kong bankers

THE RAPID growth in the size of the Hong Kong-flag shipping fleet and the Asia dollar market in recent years has meant that Hong Kong has emerged alongside New York and London as one of the world's top three shipping finance centres.

The phenomenal expansion of the shipping fleets of Sir Y. K. Pao, C. Y. Tung, Wah Kwong, Grand Marine, Jardine and Swire, has given Hong Kong shipping bankers plenty of business. Some bankers, seeing the surge in ordering by Hong Kong owners a couple of years ago, and the recent slump in rates, have assumed that this time the Hong Kong fleet is not going to sail through the world shipping recession unscathed.

Far Eastern freight markets are not insulated from the slump in world freight rates and Hong Kong owners are suffering like other shipowners around the world, they argue. Nevertheless, the Hong Kong shipping finance community does not subscribe to the gloom and despondency which has gripped European bankers.

So far there is little evidence that the Hong Kong owners have been cancelling orders placed over the past couple of years, although bankers say they imagine that some discussions are taking place to delay delivery of new ships. There is evidence that some of the smaller and more entrepreneurial shipping banks have financed a few deals without seeking adequate cover both in terms of the underlying asset value and charter commitments covering the life of the loans.

But, on balance, Hong Kong bankers say that there is no sign of any major problems among Hong Kong's shipowning community. Partly, this is because they have been able to build up more reserves than some other owners and also because they have traditionally only financed their ships after fixing them with charters covering the life of the loan.

However, there are two potential problem areas ahead. The first is the level of interest rates. If world interest rates remain high this could undermine the interest rate assumptions Hong Kong owners made when financing their fleets.

More important, charterers of Hong Kong vessels may seek to renegotiate lower rates. There is reported to be a certain amount of this already going on among the weaker charterers. Consequently, banks are paying more than usual attention to ensure the first-class quality of the charterers of their clients' ships, before putting up the finance.

William Hall

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
Sthn. Cal. Edison§‡	50	1997	15	12¼	100	CSFB	12.500
Banque Indosuez‡	60	1989	7	15¼	99½	Banque Indosuez, Continental Illinois	15.372
Newfoundland‡	75	1990	8	15¼	99½	CCF, Dominion Secs.	15.614
Alcan‡	75	1992	10	15¾	100	SBCI	15.750
Devt. Bk. of Singapore‡	75	1989	7	15½	100	Morgan Guaranty, Daiwa Secs.	15.500
Credit Lyonnais†‡	200	1993	11½	5¼ᶱ	100	Nomura Secs., Credit Lyonnais	—
Telemex	50	1997	15	18½	*	CSFB, Merrill Lynch	*
Long Term Cdt. Bk. Japan‡	125	1989	7	15¼	100	LTCB Intl., Morgan Gty., Salomon Bros.	15.250
IBM¶‡	100	1987	5	13⅞	99¾	Morgan Gty., CSFB, Salomon Bros.	13.950
World Bank††‡	250	1987	5	14⅝	100	Goldman Sachs	14.625
CANADIAN DOLLARS							
Canadian Utilities‡	35	1987	5	17	100	Wood Gundy	17.000
BC Telephone Co.‡	40	1988	6	17¼	100	Orion Royal, Pitfield Mackay Ross	17.250
D-MARKS							
Asian Devt. Bank‡	150	1992	10	9¼	99¼	Deutsche Bank	9.369
BFCE‡	100	1989	7	9¼	99¾	Dresdner Bank	9.301
Swed. Export Credit	100	1987	5	9½	*	West LB	*
SWISS FRANCS							
Konishiroku Photo**§‡	70	1987	—	6	100	SBC	6.000
Eldorado Nuclear‡	100	1992	—	6½	100	UBS	6.500
Daikin Kogyo**¶‡	45	1987	—	6⅞	100	CS	6.875
Sankyo Seiki**§‡	20	1987	—	*	100	SBC	*
Mont Blanc Tunnel Co.‡	70	1992	—	7⅛	100	CCF, Banque Gutzwiller, Kurz, Bungener	7.125
*Societe Generale***‡	80	1987	—	7	100	Citicorp Intl., Societe Generale (Suisse)	7.000
TNT Ovs. Fin.‡	100	1992	—	6⅞	100	Soditic	6.875
Koa Oil‡	75	1992	—	7	100	CS	7.000
Minebea Co.§	80	1992	—	*	100	Bank Hofmann	*
Jujo Paper**‡	40	1988	—	7¼	100	SBC	7.250
EIB**‡	50	1988	—	7⅛	100	UBS	7.125
Hydro Quebec**‡	300	1987	—	6⅞	100	UBS, SBC, CS	6.875
Transam Corp.‡	100	1994	—	7	100	SBC	7.000
Sumitomo Metal	100	1992	—	*	*	SBC	*
STERLING							
Prov. of Quebec	30	1989	7	14½	*	SG Warburg	*
LUX FRANCS							
Council of Europe‡	500	1992	7.448	12½	100¼	Bque. Intl. à Lux.	12.455
YEN							
Asian Devt. Bank‡	15bn	1992	10	8⅝	100	Daiwa Secs.	8.625
IADB‡	20bn	1994	10.32	8½	99.95	Nomura Secs.	8.507
Manitoba‡	15bn	1992	10	8.6	99¾	Nikko Secs.	8.638

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ᶱ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ With warrants. Note: Yields are calculated on AIBD basis.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Discount rate cut helps to underpin lower money costs

WALL STREET gets to grips with the latest wave of U.S. Treasury borrowing this week: the third quarter refunding. But far from striking terror into traders' hearts, the indications are that it will go reasonably well, particularly after the Federal Reserve's latest cut in the discount rate on Friday night.

The half point cut to 11 per cent—the second in only 12 days—was made "in light of market interest rates and relatively restrained money and credit growth," the Fed said. Wall Street had been expecting the move but was still glad to see it because it effectively "anchors" interest rates at their new low levels.

In the few minutes that were left for business after the Fed's announcement, three month Treasury Bills fell below 10 per cent, the first time the U.S. has had a single digit interest rate in two years.

Mellon National Bank, the largest bank in Pennsylvania also cut its prime rate from 15½ per cent to 15 per cent and there is every likelihood that other banks will follow suit today.

The market discounted the refunding in the early part of last week—possibly a bit too much—and pushed Treasury bond yields up to levels which should attract investor interest. In the past, refundings have gone off better than expected for similar reasons, though this has often painted an exaggerated picture of the market's underlying strength.

The refunding is the centrepiece of the Treasury's borrowing over July-September which will raise a total $50.5bn, the most the Treasury has ever had to raise in a three-month period. The refunding itself will total $11bn: of this $6.7bn will be new cash to finance the widening deficit, the remainder will be used to refinance maturing debt. It will consist of $6bn of three-year notes for auction on Tuesday and $5bn of ten-year notes on Wednesday. At the end of last week, existing notes in these maturities were yielding 13.20 per cent and 13.50 per cent respectively. As an indication of the slight improvement in the bond market since the last refunding in May, these maturities were then yielding 14.17 per cent and 13.77 per cent in a downward sloping yield curve.

The market's efforts to discount the refunding drove Treasury bond prices down over a point by mid-week. Discouraging Congressional testimony about the size of the Government budget deficit and likely borrowing needs from both Ms Alice Rivlin of the Congressional Budget Office and Mr Paul Volcker, the Fed chairman, added downward pressure. Mr Volcker predicted the Treasury would need about $100bn in the second half of this year.

But the market was also upset by lack of follow-through by the Fed to its market easing operations. Some dealers feared this meant Wall Street had misinterpreted Mr Volcker's much-publicised pledge of "flexibility" the week before. But others maintained there were technical reasons why the Fed held back. The discount rate cut should dispel these worries. By Friday night, bonds had recovered all their losses as the market grew more confident about this week's outlook.

A key factor buoying the refunding is the drop in short-term interest rates which has greatly reduced the cost of carrying stock and led to a sharply upward sloping yield curve. Dealers can now make a hefty return simply holding on to bonds which means they will be able to stock up on the new issues even if retail buying interest turns out to be disappointing.

Last week's uncertainties kept borrowers out of the market and corporate treasurers are likely to stand back again this week until the Treasury has done its work.

David Lascelles

U.S. INTEREST RATES (%)

	Week to July 30	Week to July 23
Fed. Funds wkly. av.	11.42	11.70
3-month Treas. bills	10.43	10.50
3-month cd.	12.15	12.50
30-year Treas. bonds	13.44	13.58
AAA utility	15.50	15.75
AA industrial	15.25	15.63

Source: Salomon Bros. (estimates). In the week to July 21 M-1 fell $800m to $450.5bn.

Weak demand forces Stelco into net loss

BY ROBERT GIBBENS IN MONTREAL

STELCO, Canada's largest steel producer, reports a steep decline in profits for the first half of 1982, and says demand is likely to weaken further in the current six months.

Net earnings are C$13.1m which at the per share level after preferred dividends deteriorates into a loss of 40 cents. For the opening half of 1981, net profits were C$114.7m, or C$3.73 a share.

The result confirms that the Canadian steel industry is now undergoing its worst post war crisis. Dofasco, the second largest company, has also reported sharply lower earnings, and third ranking Algoma Steel is expected to follow the trend when it reports for the second quarter.

Other smaller units such as Sidbec in Quebec are showing losses and many integrated producers of steel products, including pipes, are also reporting very depressed results.

The iron ore mines in Northern Quebec, the main sources of ore for the Canadian primary producers and also for some U.S. steel companies, will operate this year at an average of about 50 per cent of capacity. Some mines will remain closed through the summer and well into the autumn.

Unemployment in Hamilton, Ontario, the country's largest steel making centre is now well over 20 per cent.

Stelco has cut back capital spending severely, although it will complete the hot strip mill at Nanticoke, Ontario, for start up next spring. This project will complete the first phase of its greenfields steel plant west of Hamilton.

The company's sales for the half-year dropped to C$1.12bn against C$1.47bn in the same 1981 period.

Bid battle for Borel hinges on monopolies ruling

BY DAVID WHITE IN PARIS

THE TAKEOVER battle for Jacques Borel International, the catering concern which has been recovering from a spectacular upset in its fortunes, now appears to hinge on a monopolies commission ruling.

The Stockbrokers' Association has held back from giving the green light to a counter-bid from Sodexho, another big caterer, on the grounds that the case has been referred to the commission.

The commission has to pass judgment on whether a takeover by Sodexho would be prejudicial to the luncheon voucher business, in which both companies have a strong position.

The initial bid from the Novotel hotel group is now to be extended beyond the initial closing date of August 6.

Novotel, which bought the Sofitel luxury hotel chain from Borel in 1980 and which has since strengthened its links, received the go-ahead in June for its bid, which involves an exchange of Borel shares against Novotel shares or convertible bonds.

With the backing of one of the main shareholders of Borel, Codec-UNA, Sodexho countered this in July after already buying up more than 15 per cent of Borel through the market.

It offered to buy up the remainder necessary to establish majority control, at the last traded price of FFr 178.50 a share, as well as the 151,870 convertible bonds currently in circulation, at FFr 200 apiece.

The monopolies commission has to present its conclusions to the Finance Ministry, which will have the final say on whether the Sodexho bid is acceptable.

● The Paris Bourse Committee on Takeovers has barred Sodexho from transactions on the bourse until Novotel's bid for Borel is concluded.

Mitterrand man for top Havas job

By Our Paris Staff

THE DIRECTOR of President Francois Mitterrand's private cabinet, M André Rousselet, has been appointed to a new job as chairman of Havas, the rambling state-controlled advertising, travel and publishing empire. Formerly head of a leading Parisian taxi company, M Rousselet has been a close associate and campaign organiser of M Mitterrand for over 25 years.

The appointment of a political figure does not break new ground at Havas. The outgoing chairman, M Pierre Nicolay, who has been named to the Council of State, also came from M Mitterrand's entourage.

Havas represents the leading force in French advertising through a network of agencies controlled by Eurocom, in which it holds 45 per cent. Its turnover last year was FFr 6.5bn (about $1bn).

INTERNATIONAL APPOINTMENTS

Managing director for BP (Far East)

Mr A. E. H. Williams has been appointed managing director of BP (FAR EAST) and will take up his post at the Tokyo office on October 1. Mr E. R. J. Hill currently managing director of BP (Far East) is to retire. Mr Williams has been with the Group for more than 20 years, most recently as general manager, production in BP Chemicals, with responsibility for the UK factories. He has been concerned with the design, commissioning, operation and management of process plant for the manufacture of chemicals and plastics, and has experience in business and marketing management.

● Mr Guy McElwaine has been appointed president of COLUMBIA PICTURES. Mr Frank Price will continue as chairman and chief executive. Mr McElwaine has previously served as president of Rastar Films Inc., a Columbia subsidiary.

● FAIRCHILD SWEARINGEN CORP. has named Mr E. Judson Brandreth vice-president, marketing. Prior to joining the Texas-based subsidiary of Fairchild Industries, Brandreth was vice-president of marketing and customer service for the Sabreliner division of Rockwell International.

● Mr Philip Higton has been appointed NATIONAL WESTMINSTER BANK'S chief manager for Japan, based in the Tokyo branch. He succeeds Mr Ivan Powell who is returning to the UK on completion of his tour of duty. Mr Higton was an accounts executive in the London-based UK regional office where he had special responsibilities for marketing to European subsidiaries of major Japanese companies. Previously he spent three years working for the bank in Hong Kong.

Mr Philip Higton

● Mr Brian A. Slowey will be appointed managing director of GUINNESS IRELAND, a subsidiary of Arthur Guinness and Sons, from October 1, in succession to Mr Mark Hely Hutchinson who is resigning to take up the post of chief executive of the Bank of Ireland. Mr Slowey is currently responsible for the beer division and is chairman of a number of subsidiary companies within the Guinness Ireland group.

● Mr Lester D. Johnson has been elected a vice-president of CONSOLIDATED NATURAL GAS COMPANY, Pittsburgh. He will continue to serve as treasurer.

● Mr Forrest R. Haselton has been named an executive vice-president of the SEARS MERCHANDISE GROUP, one of four operating units of Sears, Roebuck and Co., from September 1. He will succeed Mr William C. Lochmoeller who retires on August 31. Mr Haselton has been general manager of the Greensboro, N.C. Group of retail stores since January 1981.

● Mr Michael Roberts has been appointed a director of SAMUEL MONTAGU AND CO. from October 1. He will be resident in Hong Kong with responsibility for the corporate finance activities of Samuel Montagu's newly established Hong Kong branch. Mr Roberts was previously an assistant director of Wardley in Hong Kong.

● Mr Carl C. Martin has joined GENERAL INSTRUMENT CORP. Clare division, Chicago, as vice president—manufacturing. Prior to joining General Instrument, Mr Martin was employed by the Potter and Brumfield division of AMF, Inc., as vice president—manufacturing.

● AMERICAN EXPRESS INTERNATIONAL BANKING CORP., New York, has elected Mr Angelo Calmon de Sá, president and chief executive officer of Banco Econômico S.A., Brazil, to its board of directors.

● Mr William C. Taylor has been elected executive vice president of ITT WORLD COMMUNICATIONS INC., a unit of International Telephone and Telegraph Corp. The company has also elected Mr Bob M. Olson and Mr John F. Wilson as senior vice presidents.

● Mr William J. Brennan has been appointed director of industrial products of AMF INTERNATIONAL TRADE OPERATIONS, White Plains. He had been president of AMF K.K. in Japan and has completed his tour of service there.

● Mr David R. Ficca has been elected executive vice president of KIDDE, INC. He was a senior vice president, and is senior legal officer and corporate secretary of the company.

● Mr James M. MacGregor, assistant manager, international division, ROYAL BANK OF SCOTLAND, London office, was appointed deputy manager, Hong Kong branch and representative, South East Asia representative office. Mr Leslie A. Haig, manager (international), Houston, head office, international division, was appointed senior representative.

● Mr David Wijnberg has been made president and chief executive officer of RED RIVER COMMODITIES, INC., Fargo, North Dakota. He was an executive vice-president. Mr R. F. "Ted" Gunkelman has been named chairman of the board. He has been involved in the commodities business since 1947 and will remain active in Red River Commodities' trading operations. Mr Gunkelman founded the firm in 1973.

Mr David E. Wijnberg

● Mr Jean D. Zutter has joined IRVING TRUST COMPANY as senior representative in its Paris office. He was chairman of Banque Intercommerciale de Gestion, Lausanne, Switzerland.

● The ITALIAN ASSOCIATION OF PUBLIC SECTOR INDUSTRY (INTERSIND) has named Mr Agostino Paci to replace Mr Ettore Massacesi as its chairman. Mr Massacesi has resigned. Mr Paci was previously chairman of SOFIN, a financial holding unit of the state holding company Istituto per la Ricostruzione Industriale (IRI). Intersind represents both IRI and another state holding Ente Partecipazioni e Finanziamento Industrie Manifatturiere (EFIM). Mr Massacesi, who is still chairman of state-owned Alfa Romeo, resigned his post after Intersind's decision to follow its private-sector counterpart, Confindustria, in revoking Italian industry's 1975 wage indexation agreement with major unions.

● GOULD INC. has elected Mr Frank Loncke Bradford, Jr., a member of the company's board. He is president of the University of Virginia at Charlottesville, Va.

● INCO, Toronto, has elected Mr Ian G. Austin as treasurer, from September 1. He replaces Mr Robert T. de Gavre.

● Mr Roy L. Potts has been appointed general manager of CHORLEY ENGINEERING (W.A.) PTY., based in Perth, Western Australia and Chorley Engineering (Asia) Pte, based in Singapore. These companies are associates of UK-based Chorley Engineering Group. He joins Chorley from R. J. P. Nicklin Pty, where he was a director.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	103¾	104¼	0	−0½	13.49
Amax Int. Fin. 16⅛ 92	75	99⅜	99⅞	+0⅛	+0⅜	16.27
Amex O/S Fin. 14⅛ 89	75	96⅛	96⅞	+0⅛	+0½	15.03
ATT 14⅛ 89	400	103½	104¼	0	−1	13.26
Baker Int. Fin. 0.0 92	225	25¾	27⅛	0	−0⅛	14.66
BHP Finance 14⅛ 89	150	97	97½	+0⅛	+0⅜	15.39
Bk. Amer. NT SA 12 87	200	91⅝	92⅛	+0⅛	+0⅜	14.46
Bk. Montreal 14½ 87	100	94½	95	+0⅛	+0⅛	16.10
Bque. Indo Suez 15 89	100	96⅞	97⅛	+0⅜	+0⅛	15.70
British Col. Hyd. 14⅞ 89	200	98¾	99¼	+0⅜	0	14.96
British Col. Hyd. 15¾ 92	150	100½	101¼	+0⅛	+0½	15.04
Burroughs Int. 15¾ 88	50	103½	103⅞	+0⅜	+0⅝	14.76
Canada 14⅜ 87	750	98⅞	99⅜	+0⅜	+0⅜	14.64
Canadair 15½ 87	150	100⅞	101⅛	0	0	15.10
Canadian Pac. 14⅞ 92	75	94½	95	+0⅛	−0⅛	15.68
Carolina Power 16½ 89	60	104⅜	104⅞	+0⅛	+0⅜	15.29
CIBC 16 87	100	97½	98	+0½	−0⅛	16.64
Citicorp O/S 15 84/92	100	99⅞	100⅜	+0⅛	0	14.76
Citicorp O/S 15½ 85/97	125	100½	101	+0⅛	+0⅛	15.00
CNA 15⅞ 97	75	99¾	100¼	+0⅛	+1	15.83
Con. Illinois 15⅞ 89	100	98⅞	99⅛	+0⅛	+0⅜	15.97
Duke Pwr. O/S 15⅛ 89	60	99⅞	100⅜	+0⅜	+1⅛	15.41
Dupont O/S Cap. 0.0 90	300	35⅞	36⅛	+0⅛	−0⅛	14.53
ECSC 14⅞ 87 (April)	80	98⅞	99⅛	+0⅛	+0⅛	14.99
EIB 15½ 89	150	100⅝	101⅛	+0⅛	+0⅜	15.22
EIB 15½ 92	100	99⅞	100⅛	+0⅛	+1½	15.47
Eksportfinans 14½ 89	50	98⅛	98⅝	+0⅛	+0⅛	14.79
Gen. Elec. Credit 0.0 92	400	28⅞	29⅜	+0⅜	+0⅛	13.90
Gen. Elec. Credit 0.0 93	400	25⅛	25⅜	+0⅛	+0⅛	13.89
Getty Oil Int. 14 89	125	99¾	100¼	+0⅛	−0⅛	13.96
GMAC O/S Fin. 16 88	150	102⅛	102⅝	+0⅛	−0⅛	15.22
GMAC O/S 15¼ 85/97	100	99⅛	99⅝	+0⅛	+0½	15.38
GMAC O/S Fin. 15 89	125	99⅞	100⅜	+0⅛	+0½	14.99
GMAC O/S Fin. 15 87	100	99⅞	100⅜	+0⅛	−0⅛	14.91
Gulf Canada Ltd 14⅜ 92	100	97½	98	0	−0⅛	15.16
Gulf Oil 14½ 94	175	99⅜	99⅞	0	0	14.28
Gulf Oil Fin. 0.0 92	300	28½	29	+0⅛	+0⅛	13.88
Int-Am. Dv. Bk. 15⅛ 87	55	99⅛	99⅝	0	+0⅛	15.23
Japan Dev. Bk. 15½ 87	50	103⅞	104⅛	+0⅛	+0⅛	14.20
New Brunswick 16⅜ 89	75	103⅛	103⅝	+0⅛	+0⅜	15.33
Ontario Hydro 14⅞ 89	150	99	99½	+0⅛	0	14.89
Pac. Gas & El. 15⅛ 89	45	103½	104	+0⅛	+0⅛	14.53
Phillips Petrol 14 89	200	97⅞	98⅛	+0⅛	+0⅛	14.44
R.J. Rynlds. O/S 0.0 92	400	28⅛	28⅜	+0⅜	+0½	14.10
Saskatchewan 16 89	125	102⅞	103⅜	+0⅛	0	15.18
Shell Canada 14⅜ 92	125	97	97½	+0⅛	+0½	14.89
Spain 15⅞ 87	100	99⅞	100⅜	+0⅛	0	15.63
Superior O/S Fin 14 89	125	97⅛	97⅝	−0⅛	0	14.57
Swed. Exp. Cr. 15⅛ 89	100	99⅛	99⅝	0	−0⅛	15.34
Swed. Exp. Cr. 14⅞ 90	100	95⅞	96⅛	+0⅛	+0½	15.63
Swed. Exp. Cr. 0.0 94	200	20⅛	20⅝	+0⅛	0	14.68
Texas Eastern 15⅞ 89	60	100⅝	101⅛	0	−0½	15.50
Union Carbide 14⅞ 89	150	100⅛	100⅝	+0⅛	0	14.55
Wells Fargo Int. 15 87	75	99⅛	99⅞	+0⅛	+0⅛	15.04
World Bank 14⅛ 87	500	97⅛	97⅝	+0⅛	+0⅛	14.97
World Bank 15⅜ 88	250	100⅛	100⅝	0	−0⅛	16.04
Average price changes... On day +0⅛ on week +0⅛						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 9¾ 92	150	97⅞	98⅜	+0⅛	−0⅛	9.52
Australia 9⅛ 91	200	103⅛	104	+0⅛	+0⅛	8.74
Austria 8⅝ 92	100	94⅞	95⅜	+0⅛	0	9.14
Barclays O/S In. 8⅛ 94	100	96	96½	+0½	+0⅛	8.89
Bowater Int. Fin. 8½ 89	50	95⅞	96⅜	+0⅛	+0⅛	9.28
Canada 8½ 89	200	102⅛	102⅞	0	−0⅛	7.99
Comp. Tel. Esp. 10½ 92	100	100½	101	0	0	10.35
Cred. Foncier 8⅞ 92	100	96⅛	96⅝	+0⅛	−0⅛	9.32
Denmark 10⅛ 92	100	102⅝	103⅛	0	+0⅛	9.63
EDF 9⅞ 92	100	100⅝	101⅛	+0⅛	+0⅛	9.69
EIB 8⅛ 92	100	94⅞	95⅜	+0⅛	0	9.16
Int. Am. Dev. Bk 9 92	150	97⅞	98	+0½	0	9.37
Nacnl. Financiera 11 90	150	96⅞	97⅛	+0⅛	−0⅛	11.56
Norsk Hydro 8½ 92	100	98	98½	0	−0⅛	8.77
Philips Lamps 8½ 92	100	98⅞	99⅜	+0⅛	+0⅛	8.63
Philip Morris 8⅛ 90	100	100⅝	101⅛	+0½	+0½	8.08
Quebec 10⅛ 92	150	102½	103	+0⅛	+0⅛	9.65
Renfe 10 92	100	99⅝	100⅛	−0⅛	−0⅛	10.01
SNCF 8⅝ 92	100	96⅛	96⅝	+0⅛	−0⅛	9.19
Tauernautobahn 9⅞ 94	50	102⅛	102⅝	0	0	9.49
Tenneco Int. 9 92	100	98⅛	98⅝	+0⅛	+0⅛	9.23
World Bank 9½ 89	100	100¾	101¼	+0½	+0⅛	9.25
World Bank 8½ 92	200	95⅝	96⅛	+0⅛	+0⅛	9.13
Average price changes... On day +0⅛ on week 0						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6¾ 92	100	100¼	100½	+0⅛	−0⅞	6.19
Asian Dev. Bank 7 92	100	100½	100⅞	+0⅛	−1⅛	6.94
Aucalsa 7¾ 92	80	98⅛	98⅞	+0½	−0⅞	7.93
Australia 6½ 94	100	105	105½	+1	+0½	5.88
BNP 6⅞ 92	100	97⅞	98⅜	+0⅛	−0⅛	7.03
Cse. Nat. l'Energie 7 92	100	100½	100¾	0	−0½	6.90
CFE-Mexico 8¾ 92	50	92½	92¾	+0½	−2	9.43
Co-op. Denmark 8¼ 92	25	105½	105¾	+0½	0	7.52
Crown Zellerbach 6¾ 92	100	100¼	100½	+0⅛	+0⅜	6.69
Euratom 7¼ 92	100	100½	100¾	−0⅛	−1⅛	7.16
Ind. Fund Finland 6⅞ 92	30	98	98¼	+0⅛	−0⅛	7.02
Japan Dev. Bank 6 94	100	100½	100¾	+0⅛	0	5.92
Kobe City 6⅞ 92	100	101	101¼	0	−0⅛	6.97
Kommunlane 7⅛ 92	35	100	100½	−1	−0⅛	7.21
Lonrho Int. Fin. 7½ 92	80	94⅛	94½	+0⅛	−0⅞	8.35
Mitsui OSK 6½ 92	100	99⅛	99⅝	+0⅛	−0⅛	6.57
Nafinsa 8⅝ 92	80	93	93½	−0⅛	−0⅜	9.32
New Zealand 6 92	100	101½	102	+0⅛	−0⅛	5.76
Philip Morris 6⅜ 92	100	104½	104⅞	+0⅛	−0⅛	5.38
Philip Morris 6⅛ 94	100	102⅞	103⅛	+0⅛	−0⅛	5.87
Renfe 7⅛ 92	80	99	99½	+0⅛	+0⅛	7.28
Sekisui Pre. 5⅞ 92 WW	70	103	103¼	−0⅛	−1⅛	5.33
Soc. Lux. de Cnt. 8⅝ 92	80	106½	106¾	+0½	+0½	7.02
Svenska Handels 6⅞ 92	100	98⅛	98½	+0½	0	7.00
Tiroler Wasser 6½ 92	100	98⅛	98⅜	−0⅛	−0⅞	6.47
Vorarlberg Kraft 6⅝ 92	50	102	102¼	+0⅛	−0⅛	6.41
Average price changes... On day +0⅛ on week −0½						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8¼ 92	15	97⅞	98⅜	0	−0⅛	8.56
Int.-Amer. Dev. 8⅞ 91	15	101⅛	102⅛	0	+0⅛	8.56
Japan Airlines 7⅞ 87	9	95⅞	96⅛	−0⅛	+0⅛	8.99
New Zealand 8⅝ 87	15	99⅛	100⅛	0	−0⅛	8.34
World Bank 8⅛ 92	20	98⅛	98½	0	0	8.50
Average price changes... On day 0 on week 0						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	100	†98⅛	98⅝	0	+0⅛	16.34
Can. Pac. S. 16⅛ 89 C$	50	†98⅛	98⅝	0	+0½	16.70
Crd. Foncier 17⅛ 89 C$	30	†98⅝	99⅛	0	0	17.32
Gaz Metro. 17⅛ 90 C$	20	†98	98⅝	+0⅛	0	17.58
OKB 16⅞ 88 C$	63	†98½	99	0	+0⅛	16.56
Q. Hyd. 16½ 89 (M) C$	58	†99½	100	0	−0½	16.51
Quebec Prov. 16½ 89 C$	50	†99⅞	100⅛	0	−0⅛	16.47
U. Bk. Nwy. 9½ 90 EUA	18	93⅜	95	0	+1	10.59
Amro Bank 10 87 Fl	150	100⅛	100⅝	+0½	−0⅛	9.84
Bk. Mees & H. 10 87 Fl	75	98⅞	99⅜	−0⅛	−0½	10.11
Eurofima 10½ 89 Fl	50	100⅞	101⅜	+0⅛	−0⅛	10.23
Ireland 10½ 87 Fl	75	98⅞	99⅛	+0⅛	+0⅛	10.75
Phil. Lamps 10⅛ 87 Fl	100	101⅜	101⅞	+0⅛	+0⅛	9.78
World Bank 10 87 Fl	150	99⅛	99⅝	+0⅛	+0⅛	10.15
OKB 14 88 FFr	400	92⅞	93⅞	0	0	16.51
Solvay et C. 14⅛ 86 FFr	200	93⅛	94⅛	0	+0⅛	17.15
Beneficial 14⅛ 90 £ (D)	20	89⅛	90⅛	0	−0⅛	16.54
BFCE 14½ 87 £	30	100⅝	101⅜	+0⅛	−0⅛	14.18
BNP 13½ 91 £	15	96⅛	97	0	+0⅛	14.16
CECA 13½ 88 £	20	97⅞	98⅛	0	+0⅛	13.93
Fin. Ex. Cred. 13⅛ 86 £	15	98½	99½	0	0	14.04
Gen. Elec. Co. 12½ 89 £	50	96⅛	97⅛	+0⅛	+1⅛	13.23
Hiram Walker 14⅛ 86 £	25	99⅛	100⅛	0	0	14.27
Norsk Hydro. 14½ 87 £	30	100½	101½	+0⅛	−0⅛	14.22
Privatbanken 14½ 88 £	12	97⅞	98⅛	+0⅛	−0⅛	14.95
Quebec 15½ 87 £	35	102⅝	103⅞	+0⅛	−0⅞	14.46
Reed (Nd) NV 16⅛ 89 £	25	105⅞	106⅞	0	−0⅛	15.09
Royal Trustco 14 86 £	12	99⅝	100⅝	0	0	13.87
SDR France 15½ 92 £	30	101½	102⅛	0	−0⅛	15.07
Swed. Ex. Cr. 13⅛ 86 £	20	99	100	0	0	13.86
Eurofima 10½ 87 LuxFr	500	96	97	0	−0⅛	11.40
EIB 9⅞ 88 LuxFr	600	92⅝	93⅝	−0⅛	−0⅛	11.47

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5⅛ 92	0⅛	98½	99	15/10	15.69	15.89
Bk. of Tokyo 5⅛ 91 (D)	0⅛	99⅝	100⅛	8/12	15⅛	15.27
Bk. Nova Scotia 5⅛ 93	0⅛	99	99⅛	29/10	15⅛	15.26
BFCE 5⅛ 88	0⅛	99⅛	99⅞	28/10	15	15.06
BFCE 5⅛ 87	0⅛	99⅛	99⅝	27/1	14	14.07
Caisse Nat. Tele. 5⅛ 90	0⅛	99⅛	99⅝	21/10	15⅝	15.83
CCCE 5⅛ 2002	0⅛	98⅝	98⅞	11/12	15⅜	15.59
CEPME 5⅛ 92	0⅛	99⅝	100⅛	10/12	15.44	15.46
Chemical NY 5⅛ 94	‡0⅛	99⅝	100⅛	23/9	16.69	16.71
CIBC 5⅛ 94	0⅛	†97⅞	98⅜	15/1	15⅛	15.58
Cont. Illinois 5⅛ 94	‡0⅛	*198⅛	98⅞	24/9	16⅛	16.80
Credit Agricole 5⅛ 97	0⅛	99⅝	99⅝	24/9	15.44	15.52
Credit du Nord 5⅛ 92	0⅛	99⅝	100⅛	23/12	16.81	16.81
Credit Lyonnais 5⅛ 97	0⅛	99½	100	1/10	16	16.04
Credit Lyonnais 5⅛ 94	0⅛	100⅛	100⅞	1/1	16.94	16.83
Credit Nat. 5⅛ 84	‡0⅛	98⅞	99⅛	9/9	14.66	14.82
Ireland 5⅛ 89/94	0⅛	†98½	99	25/11	14⅛	14.94
Kansallis Osake 5½ 92	0⅛	99⅛	99⅝	6/11	15.31	15.39
Lloyds Eurofin 5⅛ 93	§0⅛	99⅝	100⅛	29/10	17⅛	17.15
Long Term Cred. 5⅛ 92	0⅛	98⅞	99½	29/11	14⅝	14.75
J. P. Morgan 5⅛ 97	§0⅛	99	99½	12/8	14⅝	14.74
Nat. West. Fin. 5⅛ 91	§0⅛	99⅝	100⅛	15/1	15⅛	15.25
New Zealand 5⅛ 87	0⅛	99⅝	100½	7/10	15.56	15.58
Nippon Credit 5⅛ 90	0⅛	98⅝	99⅛	10/8	16.06	16.16
Offshore Mining 5⅛ 91	0⅛	99⅝	99⅞	2/12	14.19	14.24
PKbanken 5 91	0⅛	99⅞	100⅛	17/12	15.81	15.79
Scotland Int. 5⅛ 92	0⅛	98⅞	99⅛	23/9	15⅛	15.51
Sec. Pacific 5⅛ 91	0⅛	99⅞	100⅛	24/11	15	15.02
Societe Generale 5⅛ 95	0⅛	99⅛	99⅝	1/9	15.31	15.41
Standard Chart. 5⅛ 91	0⅛	98⅞	99⅛	18/11	14⅞	15.01
Sweden 5⅛ 89	0⅛	99⅛	99⅝	26/8	15.31	15.39
Toronto Domin'n 5⅛ 92	0⅛	97⅞	98⅛	11/8	16⅛	16.71
Average price changes... On day 0 on week +0⅛						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	82	83½	0	8.31
Bow Valley Inv. 8 95	4/81	23.12	95	96⅛	+0⅛	87.12
Bridgestone Tire 5½ 96	3/82	470	86	87½	0	4.50
Canon 6⅛ 95	1/81	736.3	89½	91½	+1⅛	5.90
Canon 7 97	7/82	748.2	99	100½	+0⅛	2.48
Chugai Pharm. 7⅛ 96	7/82	709.6	108⅛	109⅛	+0½	4.62
Fujitsu Fanuc 4½ 96	10/81	5641	74	76	−2⅛	16.55
Furukawa Elec. 5⅛ 96	7/81	300	86	87	−0½	−6.28
Hitachi Cable 5⅛ 96	2/82	515	82½	84	−0⅛	4.81
Hitachi Cred. Cpn. 5 96	7/81	1612	70⅛	72⅛	+0⅛	11.07
Honda Motor 5½ 97	3/82	841	86⅛	87⅛	+1⅛	17.51
Kawasaki 5½ 96	9/81	229	86	87½	+0⅛	28.46
Marui 6 96	7/81	846.4	94⅛	96⅛	−0⅛	3.74
Minolta Camera 5 96	10/81	826.4	59⅛	61	+0⅛	30.35
Minorco 9⅛ 97	5/82	8.16	184	86	+1	19.67
Murata 5⅛ 96	7/81	2168	86	87½	+0⅛	31.76
NKK 6½ 96	7/81	188	75½	77	−0⅛	−15.93
Nippon Electric 5⅛ 97	2/82	846	85	86½	0	9.42
Orient Finance 5⅛ 97	3/82	1205	88⅛	89⅛	−0⅛	10.76
Sanyo Electric 5 96	10/81	852	81⅛	82⅛	−0⅛	13.84
Sumitomo Elec. 5½ 97	3/82	677.3	82⅛	84⅛	−0⅛	4.58
Sumitomo Met. 5⅛ 96	10/81	296.1	60½	62	0	45.20
Swiss Bk. Cpn. 6⅛ 90	9/80	191	72⅛	74⅛	−0⅛	29.56
Konishiroku 6⅛ 88 DM	6/82	616	102⅛	103⅛	−0⅛	14.75
Mitsubishi H. 6 89 DM	2/82	263	88½	89⅛	0	38.64

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	6,863.4	10,153.9
Previous week	5,433.7	6,977.0
Other bonds		
Last week	705.1	435.2
Previous week	698.5	391.2

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate († three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Bankers Trust International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; Deltec Securities (UK); EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on July 30

WORLD STOCK MARKETS

Indices

NEW YORK —DOW JONES

	July 30	July 29	July 28	July 27	July 26	July 23	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
● Industr'ls	808.60	812.21	811.83	822.77	825.44	830.57	882.52 (4/1)	788.62 (18/6)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	59.75	59.82	59.83	59.77	60.05	60.03	60.27 (27/6)	56.67 (12/2)	—	—
Transport...	308.75	308.59	306.00	311.68	315.87	318.25	398.48 (7/1)	303.75 (21/6)	447.38 (16/4/81)	12.32 (8/7/32)
Utilities ...	103.92	103.27	103.45	104.79	105.99	106.43	116.95 (7/5)	103.22 (30/7)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's	58,270	55,680	53,850	45,740	37,740	47,260	—	—	—	—

● Day's high 817.64 low 806.13

	July 23	July 16	July 9	Year ago (Approx)
Indust'l div. yield %	6.73	6.74	6.86	5.83

STANDARD AND POORS

	July 30	July 29	July 28	July 27	July 26	July 23	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls ...	119.85	120.71	120.74	122.66	123.64	124.52	137.28 (4/1)	118.41 (8/6)	160.96 (28/11/80)	3.52 (30/6/32)
Comp's'te	107.09	107.72	107.78	108.43	110.36	111.17	122.74 (4/1)	107.09 (30/7)	140.52 (28/11/80)	4.407 (1/6/32)

	July 28	July 21	July 14	Year ago (approx)
Indust'l div. yield %	5.98	5.79	5.84	4.88
Indust'l P/E ratio	7.54	7.80	7.79	9.24
Long Gov. Bond yield	13.36	13.07	13.49	13.70

N.Y. S.E. ALL COMMON

July 30	July 29	July 28	July 27	1982 High	1982 Low
61.41	61.85	61.87	62.64	71.20 (4/1)	61.70 (7/7)

Rises and Falls	July 30	July 29	July 28
Issues Traded	1,799	1,833	1,860
Rises	591	540	263
Falls	749	889	1,248
Unchanged	459	404	339
New Highs	15	10	14
New Lows	84	130	111

MONTREAL

	July 30	July 29	July 28	July 27	1982 High	1982 Low
Industrials	258.28	259.02	263.36	263.93	332.73 (4/1)	249.68 (21/6)
Combined	248.15	246.82	247.41	250.15	316.68 (4/1)	237.27 (21/6)
TORONTO Composite	1411.8	1412.4	1418.8	1441.8	1956.6 (4/1)	1352.2 (7/7)

NEW YORK ACTIVE STOCKS

	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
[illegible]	1,406,900	57⅞	−1½	NLT	474,000	37⅞	−¼
[illegible]	748,600	26	−¼	Cont. Illinois	367,000	16½	−¾
[illegible]	491,100	67⅞	+¼	Baker Intnl.	353,200	18⅞	−1⅛
Schlumberger	460,000	31⅞	−⅞	Tesoro	341,700	15	−⅛
Texaco	414,500	28⅞	−⅞	Superior Oil	330,200	27	−¼

	July 30	July 29	July 28	July 27	1982 High	1982 Low
AUSTRALIA						
All Ord. (1/1/80)	485.8	483.2	470.4	476.0	595.5 (4/1)	443.2 (8/7)
Metal & Minls. (1/1/80)	339.3	333.8	344.3	353.9	425.1 (5/1)	299.0 (8/7)
AUSTRIA						
Credit Aktien (2/1/62)	48.93	48.85	48.89	49.04	56.96 (4/1)	48.60 (28/6)
BELGIUM						
Belgian SE (31/12/63)	93.81	93.52	93.68	93.68	102.43 (5/4)	86.42 (20/1)
DENMARK						
Copenhagen SE (1/1/73)	111.49	111.21	111.16	110.54	126.22 (25/2)	109.0 (12/7)
FRANCE						
CAC General (31/12/81)	97.0	97.4	98.6	99.4	111.6 (12/5)	96.6 (4/1)
Ind Tendance (31/12/81)	110.1	110.4	111.4	113.0	124.8 (12/5)	97.7 (4/1)
GERMANY						
FAZ-Aktien (31/12/58)	223.82	223.74	224.72	225.77	259.45 (5/4)	218.85 (18/1)
Commerzbank(Dec1953)	680.7	680.3	684.8	686.8	729.8 (5/4)	680.3 (29/7)
HOLLAND						
ANP-CBS General (1970)	86.0	85.8	87.1	87.4	95.0 (10/5)	84.8 (6/1)
ANP-CBS Indust (1970)	67.6	67.4	68.3	68.5	74.8 (10/5)	65.2 (4/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1182.75	1185.88	1233.16	1254.47	1446.52 (12/1)	1129.83 (9/6)
ITALY						
Banca Comm Ital.(1972)	164.68	159.45	160.69	156.38	212.68 (18/3)	147.23 (22/7)
JAPAN(**)						
Dow Average (16/5/49)	7122.08	7145.87	7192.59	7198.04	7926.55 (27/1)	6889.55 (17/3)
Tokyo New SE (4/1/68)	527.54	528.65	531.49	532.25	585.29 (27/1)	520.25 (8/7)
NORWAY						
Oslo SE (1/1/72)	116.5	116.12	116.75	117.12	138.38 (26/1)	109.12 (1/4)
SINGAPORE						
Straits Times (1966)	670.28	676.38	682.96	684.94	810.78 (6/1)	669.17 (20/7)
SOUTH AFRICA						
Gold (1958)	426.3	411.8	405.1	419.2	669.3 (6/1)	335.5 (8/7)
Industrial (1958)	561.5	559.2	559.9	561.0	711.7 (8/1)	507.5 (28/6)
SPAIN						
Madrid SE (30/12/81)	93.18	93.16	92.60	91.48	107.46 (9/2)	86.61 (15/7)
SWEDEN						
Jacobson & P. (1/1/58)	625.75	622.59	622.24	619.55	656.62 (22/1)	585.32 (29/4)
SWITZERLAND						
Swiss Bank Cpn.(31/12/58)	244.3	242.8	243.8	244.2	285.1 (11/1)	237.40 (7/7)
WORLD						
Capital Intl. (1/1/70)	—	124.8	125.4	127.0	147.2 (4/1)	123.5 (7/7)

(**) Saturday July 24: Japan Dow 7,230.01. TSE 534.07.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

Companies and Markets

CURRENCIES, MONEY and GOLD

MONEY MARKETS

Banks in the firing line

Lloyds Bank was the first of the clearing banks to take notice of the very strong signals from the authorities last week, and cut its base lending rate to 11½ per cent. For most of the week the banks were acting as though no one had told them about the need to reduce interest rates, and were steadfastly sticking to the old rate of 12 per cent.

Their excuse for doing so was being steadily eroded, however, as seven-day interbank money *fell from about 13 per cent at* the end of the previous week to around 12 per cent. An acute shortage of day-to-day credit had allowed the banks to argue that a cut in base rates was unrealistic, but this situation tended to change as the discount houses became more willing sellers of bills on the basis of lower borrowing costs and more attractive dealing rates from the Bank of England.

Very large bill repurchase agreements matured on every *day last week, except Thursday,* but the scale of replacement repurchase orders tended to decline as the week progressed. On Monday the authorities gave assistance of £860m, with £506m bills bought for repurchase by the market tomorrow, but on Thursday the total help was £265m, without any repurchase *agreements, while on Friday the* Bank of England gave £631m in assistance, but only £189m was by way of repurchase agreements.

The total amount of repurchase orders maturing this week will be in the region of £1.4bn, which is nearly £1bn less than last week's figure on unwinding *repurchase agreements.*

An easing of the situation could be expected if there was no expectation of a continued decline in interest rates, but the *authorities are likely to maintain* the downward pressure on rates while sterling remains relatively firm, but over 3m people are unemployed as industry languishes in the doldrums.

The easing of U.S. interest rates, resulting from better than expected money supply figures followed by cuts in bank prime lending rates, is likely to be exploited *as much as possible* in Europe to get interest rates down.

Britain's clearing banks might not like the prospect of lower margins and lost deposits as interest rates fall.

WEEKLY CHANGE IN WORLD INTEREST RATES

	July 30	change		July 30	change
LONDON			**NEW YORK**		
Base rates	11½	−½	Prime rates	15½	−⅛
7 day interbank	12-12⅛	−⅞	Federal funds	11½-11¾	+1
3 mth interbank	11⅞-12	−⅛	3 mth Treasury Bills	10.25	−0.07
Treasury Bill Tender	11.0802	−0.1281	6 Mth. Treasury Bills	11.09	+0.06
Band 1 Bills	11⅝	−⅞	3 Mth. CD	12.00	+0.10
Band 2 Bills	11½	−⅝	**FRANKFURT**		
Band 3 Bills	11⅜	−¾	Lombard	9.0	Unch'd
3 Mth. Treasury Bills	11⅛-11¼	−¾	One Mth. Interbank	9.325	+0.025
1 Mth. Bank Bills	11⅞	−⅞	Three month	9.375	Unch'd
3 Mth. Bank Bills	11⅛-11¼	−⅞	**PARIS**		
TOKYO			Intervention Rate	14½	Unch'd
One month Bills	7.34375	Unch'd	1 Mth. Interbank	14⅛	+⅛
Three month Bills	7.28125	Unch'd	Three month	14⅛	+⅝
BRUSSELS			**MILAN**		
One month	14⅛	−⅛	One month	19⅛	−⅛
Three month	14⅛	−⅛	Three month	20⅛	Unch'd
AMSTERDAM			**DUBLIN**		
One month	9⅛	+⅛	One month	17⅞	Unch'd
Three month	9⅛	+⅛	Three month	18⅛	Unch'd

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. * Band 4 11⅛.

BANK OF ENGLAND TREASURY BILL TENDER

	July 30	July 23		July 30	July 23
Bills on offer	£100m	£100m	Top accepted rate of discount	11.0904%	11.2308%
Total of applications	£525.42m	£489.485m	Average rate of discount	11.0802%	11.2083%
Total allocated	£100m	£100m	Average yield	11.39%	11.53%
Minimum accepted bid	£97.23½	£97.20	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	69%	44%			

FT LONDON INTERBANK FIXING

3 months U.S. dollars	
bid 13 1/16	offer 13 5/16
6 months U.S. dollars	
bid 14	offer 14 1/8

The fixing rates (July 30) are the arithmetic means rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

July 30 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Discount Company Deposits	Discount Market Deposits	Treasury Bills ◊	Eligible Bank Bills ◊	Fine Trade Bills ◊
Overnight	—	11½-20	12	—	—	12-12¼	11-12	—	—	—
2 days notice	—	—	12-12⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12-12⅜	12⅛	—	—	12¼-12½	11½-11⅝	—	—	—
One month	11⅞-11¾	11⅞-12	11⅞	12½-12¼	12	12⅜	11½	11½-11⅝	11⅞	12⅛
Two months	11⅞ 11¾	11⅞-12	—	12¼-12	11⅞	12¼	11⅝	11⅝-11⅞	11¾	12
Three months	11¾-11⅝	11⅞-12	11¾	12⅛-11⅞	11⅞	12¼	11¼	11⅝-11¼	11⅝-11¼	11⅞
Six months	11¾-11⅞	11⅞-12	11¾	11-10¾	11⅞	—	—	—	11⅝-11	11⅝
Nine months	11¾-11⅞	11⅞-12	—	12-11¾	11½	—	—	—	—	—
One year	11⅞ 11⅞	11⅞-12	11¾	11⅞-11⅝	11⅞	—	—	—	—	—
Two years	—	—	12⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 12¾ per cent; four years 12⅞ per cent; five years 13 per cent. ◊Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅜-11¼ per cent; four months trade bills 11⅞ per cent.

Approximate selling rate for one month Treasury bills 11½ per cent; two months 11⅜ per cent and three months 11⅞-11⅛ per cent. Approximate selling rate for one month bank bills 11⅞-11⅞ per cent; two months 11¼-11⅜ per cent and three months 11⅛ per cent; one month trade bills 12⅛ per cent; two months 11¾ per cent; three months 11⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from August 1 1982. London and Scottish Clearing Bank Rates for lending 11½ per cent. London Clearing Bank Deposit Rates for sums at seven days notice 8½ per cent. Treasury Bills: Average tender rates of discount 11.0802 per cent. Certificates of Tax Deposit (Series 5) 12¾ per cent from July 21 (plus an interest rate supplement of ¾ per cent for the first month). Deposits withdrawn for cash 10 per cent.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	11⅞-12⅛	11¼-11½	15-16	8⅞-9	1-1½	8⅛-8⅞	15-15¼	17-18½	13¼-14¼	13½-14¼	6¼-6½	8-9½
7 day's notice	11⅞-12⅛	11½-11¾	15½-16½	8-7⅞9	2-2½	8¾ 8⅞	15⅛-15½	18¾-20½	13¼-14½	14-14¼	6½-6⅝	9-10½
Month	11⅞ 11⅞	12⅛-12⅞	15⅝-15⅞	8⅞-9⅛	3⅛-3⅞	8¾-8⅞	15⅛-15½	20-20¾	13⅞-14⅜	14⅛-14⅜	6¾-6⅞	11½-13
Three months	11⅞-11⅞	12⅞-13⅛	15⅝-15⅞	9-9⅛	4⅛-4⅞	8⅝-8⅞	16⅛-16⅜	20½-21	13⅞-14⅜	14¼-14½	7½-7¼	14 15½
Six months	11⅞-11⅞	14⅛-14⅛	16-16¼	9¼-9⅜	5⅞-5⅞	9⅛-9⅞	17⅞-18⅜	21¼-21¾	14½-15	14⅜-14⅝	7⅝-7⅞	16-17½
One Year	11⅞-12	13⅞-14⅛	16-16¼	9⅞-9⅞	5⅞-5⅞	9⅞ 9⅞	18½-19	21⅜-22	14½-15	14¼-14½	7⅞-7⅞	17-18½

SDR linked deposits: one month 11⅞-11⅞ per cent; three months 11⅞-12⅛ per cent; six months 12⅛-12⅜ per cent; one year 12⅞-12⅞ per cent.

ECU linked deposits: one month 11⅝-12 per cent; three months 12-12½ per cent; six months 12⅞-12⅞ per cent; one year 12⅞-13⅛ per cent.

Asian $ (closing rates in Singapore): one month 12⅛-12⅛ per cent; three months 13⅛-13⅛ per cent; six months 14⅛-14⅜ per cent; one year 14⅛-14⅜ per cent. Long-term Eurodollar: two years 14⅞-15⅛ per cent; three years 15-15⅛ per cent; four years 15⅛-15⅜ per cent; five years 15⅛-15⅜ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 11.90-12.00 per cent; three months 12.45-12.55 per cent; six months 13.25-13.35 per cent; one year 13.50-13.70 per cent.

CURRENCIES AND GOLD

Dollar improves

The dollar showed a firmer trend last week as the recent downward move in Eurodollar interest rates was halted, and the Federal funds overnight rates rose by about 1 per cent. The previous week's money supply drop was slightly disappointing, pushing up the dollar at the beginning of the week, and despite cuts in prime lending rates by U.S. banks the U.S. unit remained underpinned by the announcement of a record $50.5bn Treasury borrowing requirement in the third quarter.

The dollar's index, according to the Bank of England, rose to 120.5 from 118.3. The U.S. currency rose to DM 2.4625 from DM 2.3925 against the D-mark; to FFr 6.8350 from FFr 6.6725 against the French franc; to SwFr 2.0910 from SwFr 2.02 in terms of the Swiss franc; and to Y257.50 from Y249 against the Japanese yen.

Sterling did not appear to suffer from the steady reductions in Bank of England money market dealing rates, or the cut in clearing bank base lending rates by ½ per cent to 11½ per cent on Friday. The pound's index rose to 91.5 from 91.0, despite its fall to $1.7380 from $1.7640 against the dollar. Sterling improved to DM 4.28 from DM 4.2250; to FFr 11.8750 from FFr 11.77; to SwFr 3.6350 from SwFr 3.5650; and to Y447.50 from Y439.50.

Despite the rise of the dollar to BFr 46.90 from BFr 45.82 against the Belgian franc, the Belgian National Bank took advantage of the relative strength of the franc within the European Monetary System, and cut its discount rate to 13½ per cent from 14 per cent. The EMS remained very steady overall, with the Italian lira still the strongest currency, and the D-mark and Dutch guilder showing no signs of renewed strength at the bottom of the system.

Gold reacted to the recovery of the dollar, falling $10 on Monday, and continuing to decline for the rest of the week, before showing some recovery on Friday. It touched a low for the week of $335-336 at the opening on Thursday, and finished at $342-343 on Friday, a fall of $31½ on the week.

THE DOLLAR SPOT AND FORWARD

July 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7330-1.7450	1.7375-1.7385	0.03-0.13c dis	−0.55	0.58-0.68dis	−1.45
Ireland†	1.3970-1.4040	1.4025-1.4040	0.58-0.48c pm	4.54	1.40-1.20 pm	3.71
Canada	1.2550-1.2605	1.2560-1.2570	0.42-0.45c dis	−4.16	0.83-0.87dis	−2.71
Nethlnd.	2.7050-2.7200	2.7150-2.7200	0.80-0.70c pm	3.33	2.75-2.65 pm	3.59
Belgium	46.75-46.91	46.89-46.91	6-8c dis	−1.79	10-13 dis	−0.98
Denmark	8.4950-8.5425	8.5250-8.5350	0.65-0.40ore pm	0.74	0.85-1.35dis	−0.51
W. Ger.	2.4460-2.4680	2.4620-2.4630	0.75-0.70pf pm	3.53	2.67-2.62 pm	4.30
Portugal	84.25-85.00	84.50-84.50	45-150c dis	−14.75	60-350 dis	−11.08
Spain	111.70-112.15	112.05-112.15	40-50c dis	−4.83	150-170 dis	−5.73
Italy	1,374-1,378	1,375½-1,376½	9-10 lire dis	−8.28	25-27 dis	−7.56
Norway	6.4250-6.4600	6.4550-6.4600	2.70-3.10ore dis	−5.40	4.20-4.55dis	−2.73
France	6.8150-6.8490	6.8325-6.8375	1.75-1.95c dis	−3.25	4.25-5.05dis	−2.72
Sweden	6.0650-6.0950	6.0800-6.0850	1.90-2.10ore dis	−3.95	3.10-3.30dis	−2.10
Japan	255.60-257.70	257.45-257.55	1.34-1.16y pm	5.83	3.85-3.75 pm	5.92
Austria	17.21-17.28	17.23½-17.24½	6.90-5.70gro pm	4.38	21½-18½ pm	4.64
Switz.	2.0825-2.1000	2.0905-2.0915	1.63-1.55c pm	9.12	4.68-4.60 pm	8.88

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

July 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7330-1.7450	1.7375-1.7385	0.03-0.13c dis	−0.55	0.58-0.68dis	−1.45
Canada	2.1790-2.1890	2.1830-2.1840	0.80-0.90c dis	−4.67	2.20-2.30dis	−4.12
Nethlnd.	4.71-4.74	4.72¼-4.73¼	1¼-½c pm	2.85	2½-2⅛ pm	2.06
Belgium	81.20-81.80	81.45-81.55	13-23c dis	−2.65	45-55 dis	−2.45
Denmark	14.80-14.86	14.81½-14.82½	1½-2ore dis	−1.21	6-8 dis	−0.84
Ireland	1.2280-1.2470	1.2440-1.2460	0.21-0.33p dis	−2.70	1.24-1.48dis	−4.37
W. Ger.	4.26-4.30	4.27½-4.28½	1½-½pf pm	2.80	4½-3½ pm	3.97
Portugal	146.75-148.00	147.00-147.50	80-280c dis	−14.67	215-260 dis	−11.62
Spain	194.10-194.90	194.40-194.60	75-100c dis	−5.40	330-370 dis	−7.20
Italy	2,380-2,399	2,392½-2,394½	16-17 lire dis	−8.27	49-52 dis	−8.44
Norway	11.16½-11.21½	11.18-11.19	5¼-6¼ore dis	−6.27	11½-13 dis	−4.38
France	11.85-11.92	11.87-11.88	3¼-4¼c dis	−4.19	9¼-9½ dis	−3.55
Sweden	10.55-10.60	10.56½-10.57½	3¼-4ore dis	−4.19	5.10-4.90 pm	[illegible]
Japan	443-450	447-448	1.95-1.75y pm	4.96	5.10-4.90 pm	4.47
Austria	29.95-30.10	29.95-30.00	11-8gro pm	3.80	33-25 pm	3.87
Switz.	3.62-3.65	3.63-3.64	2½-2⅛c pm	8.66	7-6½ pm	7.43

Belgian rate is for convertible francs. Financial franc 85.75-85.85. Six-month forward dollar 1.73-1.83c dis, 12-month 3.55-3.70c dis.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.7380	1.7398	1.7443	1.7558	1.7743
D-Mark	4.28	4.2700	4.2500	4.2253	4.1777
French Franc	11.8750	11.9125	12.0125	12.2125	12.5561
Swiss Franc	3.6350	3.6088	3.5675	3.5174	3.4234
Japanese Yen	447.5	445.6	442.5	436.3	429.0

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.0053	+0.08	−0.03	±1.5501
Danish Kroner	8.23400	8.19650	−0.46	−0.57	±1.6430
German D-Mark	2.33379	2.35992	+1.12	+1.01	±1.0888
French Franc	6.61387	6.56700	−0.71	−0.82	±1.3659
Dutch Guilder	2.57971	2.60702	+1.06	+0.95	±1.5004
Irish Punt	0.691011	0.686762	−0.61	−0.72	±1.6691
Italian Lira	1350.27	1322.95	−2.02	−2.02	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

GOLD MARKETS

	July 30		July 29	
Gold Bullion (fine ounce)				
Close	$342-343	(£197-197¼)	$339½-340½	(£195-195½)
Opening	$343-344	(£197½-198)	$335-336	(£193-193½)
Morning fixing	$342.50	(£196.864)	$340.50	(£196.480)
Afternoon fixing	$342.90	(£196.843)	$342.50	(£196.839)
Gold Coins July 30				
Krugrnd	$353-354	(£203-203½)	King Sov	$88-90 (£50½-51½)
½ Krug	$182-183	(£104½-105¼)	Victoria Sov	$88-90 (£50½-51½)
¼ Krug	$95½-96½	(£54¾-55¼)	French 20s	$75-77½ (£43¼-44½)
1/10 Krug	$39-40	(£22½-23)	50 pesos Mex.	$417½-420½ (£240-241½)
Mapleleaf	$353-354	(£203-203½)	100 Cor. Aust	$353-356½ (£211½-182)
New Sov	$81¾-82¾	(£47-47½)	$20 Eagles	$390-400 (£224½-230)

OTHER CURRENCIES

July 30	£	$		£ Note Rates
Argentina Peso	37,629†	21,650†	Austria	29.90-30.20
Australia Dollar	1.7475-1.7515	1.0050-1.0095	Belgium	86-87
Brazil Cruzeiro	316.90-317.90	181.80-182.70	Denmark	14.75-14.89
Finland Markka	8.22-8.23	4.7250-4.7370	France	11.85-11.92
Greek Drachma	118.941-121.964	68.20-69.40	Germany	4.25-4.29
Hong Kong Dollar	10.340-10.3425	5.9535-5.9405	Italy	2365-2395
Iran Rial	146.80*	84.00*	Japan	445-451
Kuwait Dinar (KD)	0.5000-0.5010	0.2875-0.2876	Netherlands	4.69½-4.73½
Luxembourg Fr.	81.45-81.55	46.89-46.91	Norway	11.12-11.22
Malaysia Dollar	4.0670-4.0960	2.3610-2.3640	Portugal	143½-150
New Zealand Dlr.	2.3350-2.3370	1.3430-1.3450	Spain	191-197
Saudi Arab. Riyal	5.9850-5.9935	3.4405-3.4415	Sweden	10.53-10.63
Singapore Dollar	3.7220-3.7275	2.1410-2.1430	Switzerland	3.62-3.66
Sth. African Rand	1.9935-1.9950	1.1470-1.1485	United States	1.73-1.75
U.A.E. Dirham	6.3880-6.3960	3.6715-3.6735	Yugoslavia	96-102

† Rate shown for Argentina is commercial. Financial rate: 67,854-67,894 against sterling 38,550-38,600 against dollar. *Selling rate.

CURRENCY MOVEMENTS

July 29	Bank of England Index	Morgan Guaranty Changes %
Sterling	91.5	−32.1
U.S. dollar	120.5	+11.7
Canadian dollar	89.8	+1.9
Austrian schilling	117.7	+19.6
Belgian franc	95.3	−1.4
Danish kroner	84.5	−14.6
Deutsche mark	126.1	+49.5
Swiss franc	142.6	+98.2
Guilder	116.2	+23.2
French franc	71.6	−34.1
Lira	53.6	−58.1
Yen	151.3	+25.3

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

July 30	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.627632	0.553203
U.S. $	11½	1.09208	0.961467
Canadian $	15.88	1.37289	1.20865
Austria Sch.	6¾	18.8362	16.5853
Belgian F	13½	51.1886	44.9704
Danish Kr	11	9.29360	8.23400
D mark	7½	2.68958	2.36000
Guilder	8	2.96117	2.60702
French F	9½	7.46117	6.56700
Lira	19	1502.70	1322.98
Yen	5½	281.311	246.424
Norwgn. Kr.	9	7.05061	6.18992
Spanish Pts.	8	122.149	107.538
Swedish Kr.	10	6.60060	5.80116
Swiss Fr.	5½	2.28430	2.00947
Greek Drch.	20½	[illegible]	64.6300

*CS/SDR rate for July 29: 1.37803.

EXCHANGE CROSS RATES

July 30	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.738	4.280	447.5	11.875	3.635	4.730	2394.	2.181	81.50
U.S. Dollar	0.575	1.	2.463	257.5	6.833	2.091	2.722	1377.	1.255	46.89
Deutschemark	0.234	0.406	1.	104.5	2.773	0.849	1.105	559.3	0.509	19.04
Japanese Yen 1,000	2.235	3.884	9.564	1000.	26.54	8.123	10.57	5349.	4.875	182.1
French Franc 10	0.842	1.464	3.604	376.8	10.	3.061	3.983	2016.	1.836	68.63
Swiss Franc	0.275	0.478	1.177	123.1	3.267	1.	1.301	658.6	0.600	22.42
Dutch Guilder	0.211	0.367	0.905	94.61	2.511	0.769	1.	506.0	0.461	17.23
Italian Lira 1,000	0.418	0.726	1.788	187.0	4.961	1.519	1.976	1000.	0.911	34.05
Canadian Dollar	0.459	0.797	1.963	205.2	5.446	1.667	2.169	1098.	1.	37.38
Belgian Franc 100	1.227	2.133	5.253	549.1	14.57	4.460	5.804	2937.	2.675	100.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

NOTES

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هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assurance Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Chieftain Assurance Funds

City of Westminster Assurance

Clerical Medical Managed Funds Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance Co. (UK)

Crescent Life Assurance Co. Ltd.

Crown Life

Crown Life—Continued

Crusader Insurance PLC

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Family Assurance Society

G.T. Management Ltd.

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance P.L.C.

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson PLC

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London & Manchester Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

Multiple Health and Life Assur. Co. Ltd.

NEL Pensions Ltd.

NPI Pensions Management Ltd.

National Provident Institution

New Zealand Life Ins. PLC

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Prudential Pensions Limited

Provincial Life Assurance Co. Ltd.

Reliance Mutual

Royal Life Insurance Ltd.

Save & Prosper Group

Schroder Life Assurance Ltd.

Scottish Amicable Investments

Scottish Mutual Assurance Society

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS

Adig Investment

Albany Fund Management Limited

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Ltd.

B.I.A. Bond Investments AG

Bank of America International S.A.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capital International Fund S.A.

Charterhouse Japhet

Cheston Commodities (Isle of Man) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp.

Delta Group

Deutscher Investment-Trust

Drexel Burnham Lambert

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. Ltd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

S.G. Europe Obligations S.A.

Eurotax Investments Ltd.

Executive Life (C.I.F. Managers Ltd.)

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International

Fleming Japan Fund S.A.

Frankfurt Trust Investment—GmbH

Free World Fund Ltd.

G.T. Management (U.K.) Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Assicurazioni GENERALI S.p.A.

Granville Management Limited

Guinness Mahon Int. Fund (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intnl.

HK Fund Managers (Jersey) Ltd.

I.C. Trust Managers Co. Ltd.

IGF Management Services Inc.

N.V. Interbeheer

International Bond Trust

International Pacific Inv. Mgmt. Ltd.

Investment Advisers, Inc.

Jardine Fleming & Co. Ltd.

Kleinwort Benson Group

Korea International Trust

Lazard Brothers & Co. (Jersey) Ltd.

Lloyds Bank (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Louis Dreyfus Commodity Fund

M & G Group

Midland Bank Tst. Corp. (Jersey) Ltd.

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

Northgate Unit Tst. Mgrs. (Jersey)

Pacific Basin Fund

Phoenix International

Pruclean Capital International Ltd.

Quest Fund Mngt. (Jersey) Ltd.

Rothschild Asset Management (C.I.)

Royal Trust Asset Mgt. (C.I.) Ltd.

Save & Prosper International

Schroder Mngt. Services (Jersey) Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Schroder Unit Trust Mgrs. Int. Ltd.

Scrimgeour Kemp-Gee Mngt. Jersey

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents

Strategic Metal Trust Mngrs. Ltd.

Surinvest (Jersey) Ltd.

TSB Trust Funds (C.I.)

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Union-Investment-Gesellschaft mbH

Utd. Intnl. Mngmnt. (C.I.) Ltd.

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

World Wide Growth Management

Wren Commodity Management Ltd.

NOTES

[illegible]

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Over Fifteen Years

Undated

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هكذا من الأصل

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Eastern Rand

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O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Nov.	May	Falcon Rh.50c	100	15	Q25c	10.9	18.6
Nov.	May	Wankie Col. Z$1	21	19.4	Q3c	1.2	11.5
—		Zam.Cpr.SBD0.24	14	9'80	—	—	—

Australian

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		ACM 20c	14	—	—	—	—
—		Argosy Gold NL 25c	2½	—	—	—	—
—		Bond Corp.	59	—	gQ10c	2.9	10.9
Nov.	Apr.	Bougainville I Kina	78	7.3	Q6½c	1.2	5.7
May	Nov	CRA 50c	180	15.3	Q5c	—	1.7
—		Carr Boyd 20c	14	—	—	—	—
—		Central Pacific	27	—	—	—	—
—		Crusader Oil	235	—	—	—	—
—		Cultus Pacific N.L.	10½	—	—	—	—
—		Eagle Corp. 10c	15	—	—	—	—
—		Endeavour 20c	10½	—	—	—	—
Apr	Oct	G. M. Kalgoorlie 25c	198	28.9	Q32½c	0.9	10.4

[illegible]

Tins

[illegible]

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		Anglo-Dominion	28	—	—	—	—
	May	Burma Mines 10p	12	30.4	0.55	1.0	6.5
—		Colby Res. Corp.	39	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c.	220	23.12	‡Q60c	1.9	‡
—		††Explaura Gold	3½	—	—	—	—
—		Highwood Res.	70	—	—	—	—
—		Northgate C$1	175	9'77	—	—	—
Jan.	July	R.T.Z.	398	7.6	16.0	2.1	5.7
Jan	July	Do 9½% Lab.Ln.'95-2000	£95	7.6	Q9½%	30.8	10.1
—		Sabina Inds. C$1	12	—	—	—	—
—		¶Southwest C. 10p	32	—	—	—	—
—		Tara Exptn. $1	270	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.
- ♥ Rate applicable to non-Zimbabwean residents.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 14

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Monday August 2 1982

MP'S DEATH MEANS AUTUMN POLL LIKELY IN MARGINAL SEAT

Tories face by-election test

BY PETER RIDDELL, POLITICAL EDITOR

THE Conservative Party faces a major electoral challenge in one of its most marginal seats in the heart of British industry after the death of Mr Jocelyn Cadbury, Tory MP for Birmingham Northfield.

Mr Cadbury, aged 36 and a member of the Quaker chocolate family, was found dead on Saturday morning in the grounds of his home in Birmingham.

A post-mortem showed that he died from a single gunshot wound in the head. Police said a shotgun was found near the body and that no one else was involved.

Police were yesterday talking to members of his family, although they said that "as with a lot of cases like this one, we probably can never know the full facts."

Friends and fellow Tory MPs were shocked by Mr Cadbury's death. At Westminster he was a well liked, though somewhat reserved figure. Despite his evident abilities as a young Conservative MP, he is said to have been going through a recent *period of self-doubt and worry* about his work.

Mr Cadbury won the Northfield seat at the 1979 election by 204 votes, overturning a previous Labour majority of 10,597. The swing of 15 per cent from Labour was one of the highest in the country and is generally thought to have reflected a switch of votes by many of the car workers at the BL Longbridge plant in the West Midlands constituency.

The by-election, which will probably not be held before late October or November, promises to be an especially intriguing contest. The Conservatives will discover whether the "Falklands factor" is still helping the Government in a region of serious industrial problems.

For Labour, the result will show whether the party has much hope of national electoral recovery.

Labour should be the favourite to retake the seat, given the unusually high swing in 1979 and the depressed state of the West Midlands. A defeat would certainly be a damning comment on the party's internal troubles, although Labour has not captured a seat from the Tories at a by-election for over a decade.

Mr John Spellar, the prospective Labour candidate, is a key aide of Mr Frank Chapple at the Electrical and Plumbing Trades Union.

Mr Spellar is one of the very few Labour right-wingers to be chosen as a candidate since 1979. A by-election would ironically give a strong, though atypical, boost to the Labour centre-right.

The SDP/Liberal Alliance has so far had poor results in most of Birmingham and could face a squeeze from the two other parties in a tight contest. Northfield has been allocated to the Liberals under the Alliance's

Local elections in Birmingham in May were based on *boundaries which are slightly* different from those of the parliamentary constituencies. One estimate which tried to take account of those differences indicated that the Conservatives would have held Northfield in May with a majority possibly as high as 2,000.

This, however, was in the middle of the Falkland crisis when the Government's position was strong. It could be very different in the autumn with a higher turnout and attention concentrated more on the economy.

The outcome could also be affected by the possibility that BL workers may again be in delicate pay negotiations and decisions will need to have been taken by then about the future of the group after the departure of Sir Michael Edwardes as chairman.

Obituary, Page 4

Italy imposes austerity measures

BY RUPERT CORNWELL IN ROME

INCREASES in indirect taxes and public sector tariffs, cuts in social security and higher contributions by industry to the state are the main feature of stabilisation measures approved by the Italian cabinet at the weekend.

The basic aim of the measures is to bring the public sector deficit back under control, this year and in 1983. In principle, the state borrowing requirements should be held to L60,000bn (£25.2bn) in 1982, compared to earlier estimates of L70,000bn, or 14 per cent of gross domestic product.

Industry lost no time in protesting at the added burden it now faces. Italy's equivalent of corporation tax has been increased to 30 from 25 per cent, and social security contributions by employers are to rise immediately.

Confindustria, the association of private sector employers, has warned that the measures will raise labour and production costs, and lower overall demand. This in turn would add to the risk of recession and make more likely a further increase in the number of jobless.

For the next year, the projected deficit, according to the draft Finance Bill for 1983, approved by the government on Saturday, will be L63,000bn. There were forecasts that, if nothing were done, it might have reached L80,000bn or more.

An immediate impact will be made by the widespread increases in indirect taxation. Petrol goes up by L100 to L1,120 per litre (£2.11 a gallon). Most rates of value-added tax will rise by 2 or 3 per cent. Top-rated VAT on luxury products goes up to 38 from 35 per cent.

Other charges, including those for electricity, telephone services and train journeys, as well as state-controlled rents, are to be increased, either at once or within the next few weeks. From yesterday, newspapers cost L500 (21p).

In a TV broadcast, Sig Giovanni Spadolini, the Prime Minister, described the increases as of "historic proportions."

Sig Nino Andreatta, the treasury minister, declared that it was necessary to prevent Italy "ending up like Poland."

The main threat to the success of the Government's ambitious strategy lies in the limits on departmental spending, including curbs on increases in pensions next year, embodied in the 1983 Finance Bill; as well as in the fact that, as Sig Andreatta said, a further L7,000bn would need to be raised through higher taxes after the summer holidays. These plans will have to win parliamentary approval and there is no guarantee that the present amiable mood among the five parties in Sig Spadolini's coalition will endure long.

Concern over Ambrosiano offshoot's debts

BY WILLIAM HALL, BANKING CORRESPONDENT

CERTAIN principal central banks seem to be pressing the Italian authorities to honour the offshore borrowing of Banco Ambrosiano, whose domestic operations are being supported by a consortium of six Italian banks.

There is widespread concern in the international banking community about the comments of Sig Giovanni Arduino, one of the three Italian banking commissioners who are investigating the Ambrosiano scandal, that Italy has no legal responsibility for Banca Ambrosiano's Luxembourg subsidiary which has borrowed more than $400m from international banks.

The Italian authorities' refusal to shoulder responsibility for Ambrosiano's off-shore operations appears to run counter to the Banca d'Italia's stance, outlined in its latest annual report, which stresses the need to look at banking groups on a consolidated basis.

Banco Ambrosiano Holdings, the Luxembourg subsidiary which has defaulted on its international borrowings, is not a bank, but banks which loaned money to it regarded the subsidiary to be as good a risk as its Italian parent, Banco Ambrosiano.

They often dealt directly with the group's head office in Milan, although the loans were put on the books of the Luxembourg subsidiary.

International bankers do not believe that the Italian authorities can renege on their responsibilities just because the Luxembourg subsidiary is not a bank. The bankers note that the Banca d'Italia recently confirmed the principle that Italian banks can only own shares in other banks, or in companies whose activities were closely related to banking.

Some central bankers are concerned at the way the Italians appear to be using the international banking community to help to bring pressure on the Istituto per le Opere di Religione, the Vatican bank, which is also heavily involved in the Ambrosiano scandal.

Bankers admit that there is a difference between a bank's overseas branches and its subsidiaries. Nevertheless, they believe that the established practice is to stand behind overseas subsidiaries which carry a bank's name.

● Flavio Carboni, an Italian building contractor sought by Milanese legal authorities in connection with the Ambrosiano affair, is in Swiss custody, police at Lugano confirmed. He is wanted in Italy on suspicion of aiding the escape of Sig Roberto Calvi, the chairman of Banco Ambrosiano, who was found dead in London in June after he had disappeared from Italy.

Italian legal authorities have asked for Sig Carboni to be extradited, the Swiss police said.

Abbey plan offers 9.5% on savings

Financial Times Reporter

ABBEY NATIONAL, one of Britain's biggest *building* societies, has launched a new savings scheme which offers 0.75 per cent more than the basic investment rate.

The move is expected to increase the competition between the building societies and the banks for savings deposits.

The scheme offers a rate of 9.5 per cent and to qualify savers will have to put in a minimum of £100 and give seven days' notice of withdrawal.

The High Street banks cut their seven-day deposit rates to 8½ per cent last week, and the new scheme is likely to exacerbate the outflow of savings deposits from the banks.

Sealink Continued from Page 1

withdraw the three clauses, but *insisted that £1m was their* immutable target for savings.

Mr Michael Bosworth, deputy chairman of British Rail, said Sealink thought that the NUS members at Harwich had told the negotiators in London that they would not accept the proposals tabled on Saturday. Mr McCluskie, however, rejected claims that Harwich would have turned them down. He said Sealink was intent on making the service profitable so that it could be sold to private enterprise.

The full NUS executive is likely to meet this week to ratify the decision to strike taken by the negotiatitng committee.

Mr Len Merryweather, the managing director of *Sealink* UK, said the company's stand over Harwich was nothing to do wit privatisation.

Sealink's finances formed part of the overall British Rail cash limits set by the Government, he said. The railways "have no money to prop Sealink up. I suppose there is no way we can get tothe private sector with the level of losses we are getting at the moment."

Sealink UK was hoping to get back into the black this year, according to internal estimates which have not ben published. Although the strike occurs during the peak holiday season, the company's two busiest weekends have passed.

Aid for China coal hunt Continued from Page 1

gitter, would be responsible for construction of the harbour, Alsthom of France for the power plant, Focoex of Spain for the mines and Asec of Belgium for the railway.

It is estimated the harbour wil cost about $330m, the railway more than $2bn, the mines about $2.3bn and the 3,000-Mw power plant about $1.5bn.

It is estimated that the project, which is in the Liupanshui area of the province, will require about $3bn in foreign exchange for imported components. China would be responsible for local infrastructure costs. These are expected to amount to the renminbi equivalent of a further $3bn.

Reserves of good quality steam-coal there could amount to 30bn tonnes, making it possibly the biggest such deposit in the world.

The project will give China access tothe latest Western technology and expertise to develop one of its most backward regions. It will assist southern Chinese provinces to overcome acute energy shortages

Education block grant scheme rejected

BY ROBIN PAULEY

PLANS TO remove the major part of education funding from local councils and finance it instead through a separate block grant have been rejected by the Cabinet.

The Government was enthusiastic initially about the idea from the Department of Education and Science, but fears of increased public spending have now outweighed the attraction of lower rate bills.

Civil servants at both the Environment Department and *the Treasury have, for different* reasons, opposed the idea of an education grant from the start. They have persuaded Mr Michael Heseltine, Environment Secretary, and Mr Leon Brittan, Treasury Chief Secretary, that the plan would lead simply to more spending on education and to higher public spending overall. Sir Keith Joseph, Education Secretary, was left isolated on the issue then this view was put to the Cabinet.

Civil servants in the environment department argued the scheme would break up their controversial system of allocating government block grants to councils. They said other sectors, particularly social services, might then demand separate *grants. Control of education* spending would pass out of their hands into the education department.

Treasury officials said an attempt to equalise education spending between authorities would lead to underspenders being pushed up to the levels *of the high spenders rather than* meeting in the middle at not net extra cost. They also want control over spending to move nowhere unless it is into the Treasury.

The education department's plan would have introduced a separate grant to cover 75 per cent of education spending. This would cut rate bills by about 25 per cent. The cost of the grant—about £2.7bn—would *have meant* either 3p on the basic tax rate or just over 4 per cent on VAT or an equivalent mixture of taxation and/or borrowing.

Rejection of the plan now leaves the Conservatives with nothing to offer the party faithful at the annual conference *on their pet hate*—rates. Alternatives to the rates, such as local income, poll, or sales taxes, have now been ruled out and there will be no local government finance legislation in the Queen's Speech.

A White Paper on the proposed abolition of the Greater London Council and the metropolitan counties, already put back to the autumn, may now not be published until the new year.

This leaves the Government with nothing to say about rate reform other than that it remains a desirable objective coupled with a promise about abolishing the met councils *after the General Election.*

CBI survey points to further decline

By John Elliott, Industrial Editor

THE RISK of British manufacturing industry entering a further period of decline instead of slowly recovering from the recession will be underlined tomorrow when the Confederation of British Industry publishes its quarterly industrial trends survey.

Confidence is believed to have slipped during the second quarter of the year following an uplift in the first three months and companies have sent the CBI gloomy forecasts of their likely levels of orders and employment during late summer and early autumn.

These findings will be used by the CBI on Wednesday and Thursday to try to force the Government to relieve the cost pressures on industry and to boost confidence.

On Wednesday Sir Terence Beckett, CBI director-general, will tell the monthly meeting of the National Economic Development Council of the need for improved competitiveness, including low pay rises and reduced costs.

On Thursday he will lead a CBI delegation to meet Sir Geoffrey Howe, the Chancellor, who have been at the NEDC meeting, to argue the case again.

The first signs of the situation in manufacturing worsening after an early improvement *came in the CBI's smaller* monthly survey five weeks ago. It warned that order books for both home and export business no longer appeared to be strengthening and that demand was specially weak in metal *manufacturing industries.*

But Sir Geoffrey will almost certinly argue at both Wednesday and Thursday's meetings that industry is already receiving considerable help.

The cut of 1½ per cent in the *National Insurance Surcharge* announced in the spring Budget comes into force today, saving industry some £600m a year, according to CBI estimates. This cut will average out at 1 per cent over the year from March 1982 to March 1983.

But another ½ per cent cut may well be announced by the Government in November to make the annual total 1½ per cent. The CBI, however, wants the 2 per cent surcharge abolished.

Sir Geoffrey will also point to the help provided by the recent falls in interest rates and will argue that further action is not needed.

But he will join up with the CBI to call for pay restraint during the coming year, possibly repeating his arguement aired last month that the notion of annual pay rises should be abandoned and that some workers should have no increases at all.

This discussion on pay will probably bring loud protests from TUC leaders who will be attending their last meeting of the NEDC before their annual Congress decides early in September whether they should withdraw from membership in protest against *government* policies.

Weather

UK TODAY

MOSTLY warm with thundery showers.

England, Wales
Early fog, bright intervals, showers. Max. 25C (77F).

Isle of Man, Scotland, N. Ireland
Occasional heavy rain, bright intervals, Max. 21C (70F).

Outlook: Sunny intervals, *showers, warm.*

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	L. Ang.†	C	20	68
Algiers	S	30	86	Luxmbg.	F	22	72
Amsdm.	C	20	68	Luxor		—	—
Athens	S	31	88	Madrid	S	26	79
Bahrein		—	—	Majorca	S	29	84
Barclna.	S	27	81	Malaga	F	25	77
Beirut		—	—	Malta	S	33	91
Belfast	C	17	63	M'chstr	R	18	64
Belgrd.	F	25	77	Melbne.		—	—
Berlin	S	28	82	Mx. C.†		—	—
Biarritz	F	24	75	Miami†	C	25	77
Bmghm.	C	18	64	Milan	S	27	81
Blackpl.	C	18	64	Montrl.†	C	18	64
Bordx.	S	25	77	Moscow	S	24	75
Boulgn.	C	19	66	Munich	F	[illegible]	63
Bristol	C	20	68	Nairobi		—	—
Brussels	F	24	75	Naples	S	30	86
Budpst.	F	26	79	Nassau		—	—
Cairo		—	—	Nwcstl.	C	19	66
Cardiff	S	20	68	N York†	S	22	72
Cas'b'ca	F	24	75	Nice	S	25	77
Cape T.		—	—	Nicosia		—	—
Chicg.†	S	17	63	Oporto	C	19	66
Cologne	R	19	66	Oslo	S	30	86
Cpnhgn.	S	27	81	Paris	F	21	70
Corfu		—	—	Perth		—	—
Denver†	S	18	64	Prague	S	28	82
Dublin	C	19	66	Rykjvk.	S	13	55
Dbrvnk.	S	28	82	Rhodes	S	29	84
Ednbgh.	C	19	61	Rio J'o†		—	—
Faro	C	22	72	Rome	S	28	82
Florence	S	29	84	Salzbrg.	C	20	68
Frankft.	C	22	72	S'cisco†		—	—
Funchal	F	24	75	S. Mritz.		—	—
Geneva	S	22	72	Singapr.		—	—
Gibrltr.	C	23	73	S'tiago†		—	—
Gl'sg'w	C	19	61	Stckhm.	S	27	81
G'rnsey	C	17	63	Strasbg.	S	25	77
Helsinki	S	22	72	Sydney		—	—
H. Kong		—	—	Tangier		—	—
Innsbrk.	S	23	73	Tel Aviv	S	28	82
Invrnss.		—	—	Tenerife	F	23	73
I. o. Man	R	17	63	Tokyo		—	—
Istanbul	C	24	75	T'r'nto†	S	17	63
Jersey	C	18	64	Tunis	S	44	111
Jo'burg		—	—	Valencia	S	28	82
L. Plms.	S	26	79	Venice	S	25	77
Lisbon	C	22	72	Vienna	S	25	77
Locarno	S	24	75	Warsaw	F	23	73
London	F	25	77	Zurich	S	23	73

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

The search for an heir to CCA

After last week's Pyrrhic victory over the current cost rebels, the accounting establishment is adjusting to the realisation that the whole inflation accounting debate must be started again from scratch. The original plan had been to widen the application of SSAP 16, the *present current cost accounting* standard, and to promote it from a supplement to the main set of figures. Signs of reluctance among a significant proportion of companies had already made that prospect an uphill *struggle. With the wafer-thin* defeat of the Keymer and Haslam motion calling for the immediate withdrawal of SSAP 16, the standard in its present form has no real future.

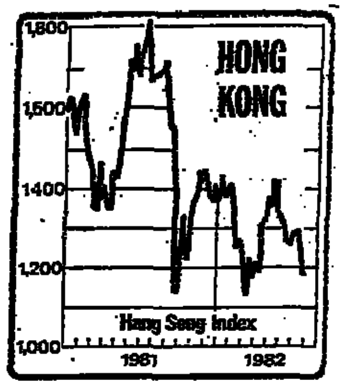
So inflation accounting is back *in the melting pot, and there* are as many interests in what comes out as in the succession of a Renaissance dukedom. Keymer and Haslam themselves are unambiguously against all accounting standards; other "anti" voters dislike any kind of CCA or inflation accounting, still others the particular complexities—known in the jargon as "absurdities"—of SSAP 16. A very particular pressure group are the advocates of current purchasing power, which was killed or at least swept off the stage by the Sandilands Committee.

It would be foolhardy to forecast the outcome of such conflicting pressures. So read on.

A thorough review of SSAP 16 will begin in a year's time when the evidence of the first three years has come in. The review itself will take at least a further year and any new standard will again have a three-year trial period. In short, historic cost accounts are likely to remain pre-eminent for at least another five years.

The reviewers will want to minimise the two main failings of the present standard by simplifying and widening its acceptability. In particular they will aim at drawing in companies in those sectors which have been most unhappy with CCA — commodities, shipping *and construction — as well as* incorporating property companies, investment trusts and other areas at present specifically excluded.

So it may be no accident that the ideas of Mr David Allen, *vice president of the Institute* of Cost and Management Accountants, are being looked at with official favour. His proposals have particular relevance for companies heavily involved in commodity purchasing *—no surprise since Mr Allen is* financial director of Cadbury Typhoo.



Mr Allen's suggestions are based on the need to recognise *movements in relative prices*—a blend of CCA's specific price indices and the general index applied under a CPP convention. Specific indices are used to measure unrealised holding gains or losses, while a "capital maintenance" charge — worked out on a general index—adjusts for the effect of inflation on the capital base. Keymer and Haslam must be drafting their next motion already.

Hong Kong

For a couple of years now financial Hong Kong has been calling for a quick settlement on the question of the colony's status after Britain's lease on the New Territories expires in 1997. Now that Mrs Thatcher is due to visit Peking in September, indications are that China is indeed moving towards a formal view of its intentions for 1997—including restoration of sovereignty.

The effect has been to focus Hong Kong minds on just how difficult it may be in practice to arrive at an accommodation which restores sovereignty while preserving Hong Kong's economic independence — something that has been taken for granted as a Chinese aim.

Concern over the 1997 question, aggravated by the poor performance of Wall Street, has culminated in seven days straight selling of the Hong Kong equity market. Small investors have been most active: even though institutions have *held firm, and there have been* reports of London buying, the Hang Seng index lost 100 points last week to close at 1,182.75. According to Sun Hung Kai research estimates, the market is on a prospective earnings multiple of 8 (and a 7 per cent yield) at 1,200. Over the last decade the market has typically traded on a p/e between 11 and 15.

So the market looks historically cheap — corporate earnings this year may still be up some 15 per cent. Economic fundamentals will count for little compared with the excitement liable to be aroused by seemingly good or bad omens from Mrs Thatcher's visit.

After that there will be ample scope for doubt and rumour between the first *principles and the fine print.* The 1997 issue, which has provided transient diversions in the past, now looks as if it is here to stay. Investors would do well to read the Chinese press at least as closely as the *brokers' circulars.*

British Sugar

S and W Berisford now controls British Sugar, and although strenuous attempts to extract more attractive terms for the minority will doubtless continue, British Sugar shareholders must begin to choose between Berisford's 470p a *share cash offer, its partial share* alternative, and sitting tight.

The last option may be disposed of first. Berisford will certainly wish to control the whole of British Sugar, and may eventually rebid to clear out a subborn rump of shareholders. But for those lacking the wealth and temperament of the late Mr Howard Hughes, the position of permanent minority to Berisford may well seem less than ideal.

To quote the chairman of Berisford himself, "one of our priorities will be to investigate the level of dividend distribution by British Sugar which can realistically be maintained." In other words, if you think *there is a secure 13.7 per cent yield* at the offer price, think again.

So it comes down to cash or shares. A high level of all-cash elections will leave the enlarged company very highly *geared but on a prospective* earnings multiple as low as 6½ times, fully taxed. Berisford may be unwilling to issue too much paper on this sort of rating at present, but it will have to bring its gearing down *drastically* some time in the next couple of years. Institutions which already have a reasonable weighting in Berisford shares and no serious capital gains tax problem will surely do better to take the cash.

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